The Nation's Business

# THE FINANCIAL POST

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## U.S. Situation May Reach Crisis

THE alarming fall of stock and commodity prices in the United States dominates the Canadian business outlook. The decline has been carried to such proportions that a sort of vicious spiral, similar to the one which ended in the bank holiday crisis of 1933, has become a possible danger. Whether a "bottom" will be reached without another financial or political crisis remains to be seen.

Two weeks ago business and the financial markets were at the point where any constructive leadership either from President Roosevelt or from Congressional leaders would have had a stimulating and salutary effect. Today with no tangible evidence of such leadership a new period of vicious downward drift has set in which may not easily be ended.

One of the most pathetic developments has been the lack of leadership or unity on the part of Congress. Congressmen have apparently been under the spell of the Roosevelt dictatorship for so long as to lose the power and knowledge of acting without him. Recognition of the dangers in this situation has led to a strongly-supported move to stiffen the resistance of Congress to encroachments upon its authority.

Meanwhile financial and business sentiment continues its liquidation of New Deal optimism—a process which may well reach crisis proportions because private enterprise can find no assurance to warrant putting something else in its place. While this continues across the U.S. border, there can be no certainty or assurance about Canadian business prospects.

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## Ontario Protests Vice-Regal Indignities

ONTARIO'S Empire and traditionalist ideals rose in swift, vehement protest last week against Premier Hepburn's attempt to abolish Government House and nominate a rejected politician for the office of lieutenant-governor. Public reaction against the proposal was as sudden and violent as anything that has been seen in the province for many a day. It can be taken as a sharp rebuke to all those who would tamper with the traditions and office of the link that binds the province to the Crown.

Premier Hepburn should take advantage of this strong respect for tradition and enlist it in his fight against radicalism and other subversive influences which are constantly at work to undermine governmental authority and democratic institutions. The Crown remains in British countries a potent influence for unity and stability and Mr. Hepburn's attempt to degrade and discredit the office was both foolish and destructive.

Final choice of Albert Matthews for this high office is a matter on which Ottawa, Queen's Park and the people of Ontario may be congratulated. Mr. Matthews is an outstanding Canadian worthy in every respect to carry on the best traditions of the lieutenant-governorship. He comes with a rich experience and a fine record of achievement in both finance and public life and will undoubtedly prove an able and worthy successor to Dr. Bruce.

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SOME representative Ontario citizens are arranging a dinner in tribute to the retiring governor. There will be many people, in all groups, who will want to join in paying this honor to Dr. Bruce, who has made his term of office useful as well as ornamental. But in paying tribute to Dr. Bruce they will also be expressing their conviction that the vice-regal position in a Canadian province is something to be preserved and honored. The office, what it stands for, and what its incumbent does and can do, are more important than any individuals concerned.

As for the closing of Government House it should be looked upon as a temporary move with a life no longer than any Hepburn whim or impulse. The public opinion which reacted so violently last week will ultimately demand its restoration or will at least demand that the province's vice-regal activities shall be carried on in suitable and adequate quarters.

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## Conant Pleads For National Periodicals

SPEAKING in Toronto this week Hon. Gordon Conant, K.C., Ontario's new attorney-general, made a forceful appeal for support of Canada's national periodicals.

"A national press," he said, "is about the only nation-building medium we have left. I feel very strongly that we should by every possible means lend encouragement to Canadian journalism and Canadian literature to the end that while commerce may flow in ever-increasing volume between these two great nations, we shall not in any way subvert our Canadian nationalism to that of any other nation."

Mr. Conant quoted the reference made in the House of Commons by Rt. Hon. W. L. Mackenzie King in 1931, deploring any tax which would in any way restrict the widest

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# Dosco Keeps Unit Operation At Capacity

### Business on Hand Assures Full-time Work for Many Months

### BOOST REVENUES

From Our Own Correspondent

MONTREAL.—Dominion Steel & Coal Corp.'s steel operations at Sydney are currently running at better than rated capacity and will continue to do so for some time.

Coal operations, including those of Dominion Coal Co., are on a capacity basis and will continue that way throughout the winter months depending upon weather conditions.

Iron ore shipments for 1937 will aggregate 1,700,000 tons—the best in several years—and prospects look favorable for a continuation of this business.

Earnings this year will undoubtedly be better than for any year since 1930, with bond interest earned several times and with a comfortable balance left over for the B stock, the amount of which will depend upon year-end adjustments.

**Sydney Has Much Work**

The Sydney steel mills are still busily engaged on domestic and export business. The sharp falling off in operations, which has been a notable feature in United States business returns, is not duplicated here. So far Dosco has not found any let up in domestic sales. There is still a back-log of business on C. N. R. rail. There is no indication of either the C. N. R. or C. P. R. coming into the market with additional rail business, but it is by no means certain that orders won't be coming from that source. Domestic trade in steel and iron forms, nails, and other products of the company holds up well, with no sign of slowing down.

Prospects are fair for further rail orders from South Africa. During the last couple of years Dosco has secured orders for a relatively large tonnage of rails from the South African Government railway.

**English Order Important**

Export business to England holds up well and will continue to do so until 1940 under the terms of the contract made by the company and English importers last year. One-third of the Sydney steel capacity is scheduled for the English market each year for the next three years and on very favorable terms to the company. Should domestic business fall off to any appreciable extent, it is understood that shipments to England could be stepped up under this contract in order to take up the slack.

**Going Slowly at Windsor**

There have been no particular developments in the Windsor area, where Dosco recently took over the U. S. Steel's properties. The wire-pulling mill is being operated steadily and the Canadian Bridge Co. has a fair volume of business on hand, including a share of the contract for the Thousand Islands bridge.

Eventually Dosco hopes to make this an important unit, both for manufacture and distribution, but for the meantime it is not planned to carry out any extensive development programme.

Under the present set-up, the properties are carrying themselves.

**Coal Trade Strong**

Indications are that coal shipments this year will show a good increase. In particular the rail-haul business to the Central Canadian market promises to be particularly good this fall and winter. Orders on hand already amount to 230,000 tons.

Plans are to keep coal mining operations at their present level during the next several months; with the rate of operations depending upon the weather. Banking of coal at three Cape Breton stations has already started and Dominion Coal officials state two more banks would be started at Sydney before the end of the month. This coal will be stored ready for shipment next spring.

The aggregate tonnage of the banks will exceed 600,000 tons by spring.

**May Open New Pit**

Reports that Dosco's subsidiary, Dominion Coal, would start immediately to open a new pit at New Waterford, near the Cardney Lake power plant, are officially characterized as premature.

Reports of the engineers as to the possibilities of the property, method of development, cost, etc., have been completed only this week and no official action has been taken. Prospects are that the pit will be opened, but the work is not likely to start for a little while.

**Ore Prospects Promising**

Other subsidiary activities of Dosco have been doing well. The iron ore mines at Wabana will likely be operated throughout the winter months, storing ore in anticipation of the opening of navigation

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# *Victor in Steel Strike Sees C. I. O. Slipping*

### Tom Girdler, Republic Steel Head, Visits Canada

TOM M. GIRDLER

A few months ago, Tom Girdler of Cleveland led the battle against C.I.O. which resulted in the defeat of the "Little Steel" strike, halted the C.I.O. advance in the steel industry and was largely responsible for recession of the C.I.O. drive on industry generally.

This week in Toronto, the vigorous head of the Republic Steel Corp. failed to see in either the C.I.O.'s loss of power or the current business recession the prospect of any major reduction in wage rates, price levels or business volume.

The stockily built, alert steelmaster expressed his opinions with the same unhesitating decisiveness which has enabled him to lift Republic Steel from a seondary to a major position in the American steel industry, and has won him leadership of the "free labor" independent bloc in the United States industry. As crisply and surely as he declared his views on business or political questions on which he was informed, as promptly did he decline to comment on matters beyond his purview.

The latent power and breadth of steel making processes is suggested by the vigorous precision of both his manner and clarity of expression—contrasting sharply with the hesitant caution of many leaders on both sides of the border.

Curbing of the C.I.O. and falling away of its membership strength might preclude any further advance of soaring wage levels, or permit minor readjustments to conform to business trends. But he did not think that industrialists would take advantage of the situation to reduce increased wages, or be forced to do so by a prolonged or extensive business slump.

**No Wage Cuts**

"Wage levels in our company's plants are as high as in the rest of the industry, including those plants with agreements with the C.I.O.," Mr. Girdler remarked in an exclusive interview with The Financial Post. "In the main, we put them at these levels before the trouble with the C.I.O. in May and U. S. Steel's deal with the C.I.O. in March. As far as we are concerned, the C.I.O. is all over, but there is no thought of changing our wage levels."

"I don't see the present situation as a depression. There is a certain amount of disturbance and slowing down, but that is mainly because there is so much uncertainty among businessmen and a lack of confidence in Washington. The automobile business is held up, the railroads are not buying, and there are other factors that will likely adjust themselves when the uncertainty is over."

In Toronto chiefly to attend the Royal Winter Fair horse show, Mr. Girdler declared there was no business or political significance in his visit to Canada. While in town, however, he met Premier Hepburn, equally famed as Mr. Girdler for his hostility to the C.I.O.; R. S. McLaughlin, president of General Motors of Canada; and others prominent in Canadian business and industry. He described Mr. Hepburn as "a very interesting man," and expressed warm admiration for the manner in which Canada consistently maintained law and order.

**Tribute to Canada**

"Fundamentally Canada is a law-enforcing country. You do much better than we do in administering all your laws and keeping respect for authority," he said. "In the

(Continued on page 3)

# Alberta Editors See Swing From Aberhart

## *Sees Stocks Below Values*

The decline of the U. S. stock market in recent months was largely due to regulatory policies of the Roosevelt administration, A. E. Phipps, president of the Imperial Bank, declared in his address at the 63rd annual meeting of shareholders at head office this week.

"The situation appears to be flattening out and, while no one can forecast much improvement in prices, there is no doubt that many valuable stocks are selling below what would ordinarily be accepted as their value," he added.

### Public Distrust of Bank and Press Legislation Indicated

An immediate election in Alberta would mean defeat for the Aberhart Government, a majority of the weekly newspaper editors answering a second poll made by The Financial Post believe.

The same editors answering a questionnaire sent out in August expressed the overwhelming belief that Aberhart would be re-elected.

The switch in opinion is credited by the editors to two main points:

1. Public distrust of the Government's extreme bank and press legislation.

2. Indication of the ability of the opposition parties to fuse into one solid anti-Aberhart organization.

Thirteen of the weekly publishers are confident that Aberhart will be swept from power. Ten express the belief the Government is losing ground but want to be certain that there is a united opposition before forecasting a Social Credit defeat. Two say it is quite impossible to give any sort of a clear picture or attempt to predict what might happen in the event of an election which now appears somewhat remote. Two editors stand up for the Government and one of them ironically attacks the tactics of the bankers and the opposition groups.

**By-election Awaited**

Several of the editors await the Lethbridge by-election on Dec. 2 to give a definite indication of the surge of public opinion. Whether the conviction of two Social Credit leaders on charges of libel will influence voters.

Another editor desiring to remain ananymous writes: "After discussing the situation with editors from all parts of the province at our convention, I believe that if an election were to be held now there would not be a Social Crediter elected in any rural constituency south of Red Deer, and not more than a dozen all told in the province."

An editorial in the Drumheller Plaindealer prompted the second survey by The Financial Post. The Plaindealer suggested that there had been a decided change in Alberta opinion since the first questionnaire was sent out on Aug. 19. So The Financial Post asked all the weekly editors in the province: Has the situation materially changed: (1) In your riding; (2) In the province generally?

Excerpts from a number of the answers follow:

**W. J. Whitehouse—The Mannville Mirror:**

"Recent drastic legislation is causing a loss of supporters in various districts. This applies in the local constituency and to the province, generally."

**Norman G. Cary—Bassano Recorder:**

"The present situation in Bow Valley is that the Social Credit Government can be defeated easily, provided there is unity under one banner among those opposed to the administration. Otherwise, defeat

(Continued on page 10)

# Alberta Debt Down Slightly

### Public Accounts Show Sharp Decrease in Cash and Investments

Public accounts of Alberta for the year ended March 31, 1937, show a reduction in net debt of $109,136 although gross funded debt increased by $1.3 million.

On ordinary account, the province had a surplus of $77,853 after providing $2.6 millions for unemployment relief. In the previous year the government had a deficit of $1.9 million even before providing for unemployment relief.

Total relief costs in Alberta for the year were $6.7 millions of which the Federal Government paid $2.6 millions, the province $2.5 millions and municipalities $1.2 million. In the 1935-36 year total relief costs amounted to $5.3 millions so that there was an increase of $1.4 million.

The improvement on ordinary ac-

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Present position of retail stores is analyzed, and outlook discussed. Page 13.

***Probe Probabilities***

True function of the Rowell Commission is explained. Page 20.

***London Calling***

The career of Ramsay MacDonald is deftly sketched by Atticus. Page 3

***Depreciation Puzzle***

Second article of series explains the significance of the depreciation item in a balance sheet. Page 5.

***Realities in Real Estate***

The purchase of a home is made easy by installment payments. Page 12.

***C.I.O. and Wages***

Wages soared this year—Is Industry now able to bear this burden? Page 11.

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# Steel Wares' Modified Plan Is Approved

### Big Majority Favor Giving Preferred Share in Future Profits

### EARN $1 ON COMMON

From Our Own Correspondent

MONTREAL.—General Steel Wares' plan for eliminating arrears on the preferred and paving the way for resumption of dividends, with a modification providing for participation in future profits to the extent of 10% of net income, was endorsed by shareholders at the special meeting. Over 75% of the outstanding preferred and common stocks were voted in favor of the amended scheme.

F. S. Corrigan, vice-president and general manager, stated that earnings have shown a further improvement this year and the financial statement for 1937 will reveal net profits of more than $1 a share on common. This would indicate earnings on the preferred of around $12.50 a share and $5.25 a share in 1936, as compared with dividend requirements of $7 a share on the preferred stock.

Mr. Corrigan also drew attention to the fact that the company now had a particularly strong inventory position, with raw material requirements for some time ahead bought on a favorable basis.

**Financial History**

When the company was incorporated in 1927, $9 millions of 6% first mortgage bonds were placed on the market. In addition $4.5 millions of 7% cumulative preferred stock was sold. The common stock was taken up privately.

In the depression the company found it difficult to pay its way and after Feb. 1, 1931, dividend on preferred was deferred. Meanwhile the surplus earnings were used to reduce bonded indebtedness to less than $6.6 millions at the end of 1936.

Last March the company carried out a refunding operation which resulted in the retirement of the old bonds and their replacement with a new issue of $6,577,000, carrying interest at rates varying from 3¼% to 4½%. This resulted in a reduction in interest charges to $280,215, as compared with the interest requirements of $540,000 on the original issue.

**Clean Up Arrears**

The original plan advanced by the company provided that the dividend arrears up to Feb. 1, 1938, amounting to $49 a share, would be liquidated through acceptance by the holders of the preferred stock of the right to purchase 2½ shares of common at $1 a share for each preferred.

The scheme involves the issue of an additional 112,500 common shares, increasing the outstanding common share capital from 200,000 to 312,500 shares.

The amended plan provides that after interest charges, depreciation, and preferred dividends, 10% of the net income available for distribution on the common stock will be set aside in a special reserve for eventual distribution to the preferred shareholders. This participating feature, of course, does not come into effect until next year.

Under the new arrangement the preferred will carry cumulative dividend rights from May 1, 1938. While there has been no official intimation it is presumed that with a continuation of earnings, the directors will take action on the quarterly dividend on or about June 15 next.

The market on the old preferred stock currently is around 80 and on the common 9½. No market has yet been established on the new preferred and rights.

# Quebec is Firm On Price Slashing

### Duplessis Warns Against Newsprint Price Cutting

From Our Own Correspondent

MONTREAL.—Prosperity of the newsprint industry will not be imperilled by price slashing if the Quebec Government has anything to do with it, according to a statement made by Premier Maurice Duplessis, who added that the Government has plenty of power to bring recalcitrant companies into line.

As regards reopening of the Chicoutimi mill of Quebec Pulp and Paper Corp., the Premier said that very probably a definite decision will be made this week. This mill has been idle for five or six years and has been a cause of grave distress to residents in the Chicoutimi area, and neighboring districts.

At the last session of the Legislature the Government enacted legislation giving the Government ample powers to provide for a revival of the industry by means of allotment of forest area and other means.

**Working on Cap Mill**

As regards the Cap de la Madeleine mill, close to Three Rivers, the Premier said that Consolidated Paper Corp. already had gangs of men in the shanties cutting wood for the day when the mill reopens. The mill itself is being repaired and modernized generally and the Premier looks forward, he said, to an early commencement of operations.

The situation is much the same as regards the long-closed Abitibi mill at Beaupre, the Premier said. As in the case of Consolidated Paper's Cap de la Madeleine mill, wood was being cut and the plant at Ste. Anne's put into condition for recommencement of operations.

## *The Back-door Of Canada's West*

Somewhere in the northern wastes of the Arctic sea lie the bodies of Russian aviators.

Their dashing attempt to establish a commercial route over the North Pole is just one isolated piece of evidence that the world in general, and Canada in particular, is on the verge of a vitally important new movement — a movement toward opening up for development and settlement the vast and little known far-northern lands.

At Canada's back door lies a considerable portion of this area, a section comprising one third of the total land and water area of the Dominion, and known as the North West Territories.

There are those who believe that the development and conquest of the Far North will be the 20th century's counterpart to the conquest and development of northwestern United States in the 19th century.

This is a thrilling conception, and one which may well alter the face of what is now called "the wastelands."

In next week's Financial Post, an attempt will be made to collect the facts about this new area, which is already the scene of mining development on a growing scale.

# Trans Canada Deficit Small

### First Year's Operation of Airways Seen as Encouraging

From Our Own Correspondent

OTTAWA.—Informed circles are forecasting a deficit of $100,000 as a result of the first year's operations on the Trans Canada Airways—the newest field of transportation activity in which the Federal Government has become involved.

Such a prospective showing is being heralded as favorable, having regard to the organization expenses which have burdened the past year and the limited amount of commercial flying. It is felt that if the service can end its first year only $100,000 "in the red," the outlook is promising for at least meeting expenses in the second year and for earning a substantial profit thereafter.

Gloomy forebodings have persisted in some quarters over the Government's entry into the field of air transportation.

Record progress is being made by the Government in bringing the service to the point of inaugurating wider commercial schedules. At present a regular service is being flown between Seattle and Vancouver. Experimental flights have been in progress between Winnipeg and Vancouver for some weeks, and the Government expects that commercial flying will be inaugurated over the whole western section from Vancouver to Winnipeg before Christmas.

Service in eastern Canada will not commence on regular schedule before July of next year. Beam wireless already available in the west has still to be installed in the east.

One of the major decisions which the Government has reached is that free air service transportation will be taboo. Passes will not be available to members of parliament. Hon. C. D. Howe, minister of transport, has even ruled himself off the free list.

## Warehouse Site Bought By Dominion Textile Co.

From Our Own Correspondent

MONTREAL.—Property holdings of Dominion Textile Co. in the district centring on its Cote St. Paul mill have been increased by acquisition of a site covering nearly 300,000 square feet, to be used in the future for erection of a raw cotton warehouse. At present the company has no plans for starting construction, but it is reported that the warehouse project may be initiated next spring.

# *Beauharnois-Hydro Deal Still Actively Discussed*

From Our Own Correspondent

MONTREAL.—No official statement has been forthcoming at the time of going to press regarding the expected arrangement to be made between the Hydro-Electric Power Commission of Ontario and Beauharnois Light, Heat and Power Co. There is little doubt but that an arrangement will be made, whereby Beauharnois will again supply Ontario Hydro with electricity and that the present litigation over the validity of the original contract dropped.

The point of interest to holders of Beauharnois securities is the amount of power that Hydro is willing to sign up for and the terms. The figure reported in The Financial Post last week—75,000 h.p. firm power at $12.50 per h.p. with a reserve of power—is generally regarded as being closest to the figure recently discussed by representatives of the two interests. In some quarters a figure of 125,000 h.p. of firm power is mentioned but this is thought to be too high, inasmuch as the present transmission lines to Leaside are unable to carry such a large additional load.

An unconfirmed story is that Beauharnois representatives are demanding their "pound of flesh" and that the negotiations may break down unless Beauharnois is willing to play along with Hydro with the prospect that in the course of the next few years, the power load will be built up to levels satisfactory to the company. Whatever truth there is in this story, the fact remains that Beauharnois Power bonds hold steady in an unsettled market, while the common stock has received good, though speculative support.

# Canada Holds Key Position In Anglo-U.S. Trade Parley

### Dominion Likely to Benefit Substantially From Three Way Negotiations Now in Progress—Ironing Out Difficulties

Canada holds key position in trade negotiations now officially announced impending between Great Britain and United States. Practically nothing can be done without this country's approval. In all probability a new agreement between Canada and United States will have to precede any Anglo-American pact.

Far from being merely an interested spectator, liable to be hurt, this Dominion undoubtedly will have the final word and may benefit substantially from any agreement reached between the two major world powers.

By clearing the path for any agreement Canada may be aiding the somewhat wavering cause of world peace but in pursuing this lofty and laudable course certain very practical advantages are not being overlooked.

**Ottawa Agreements**

As a result of the Ottawa agreements of 1932 and the three-year extension of those agreements this year, this country is in the position of a man who has an option on a very desirable piece of property but somewhat larger than required. That unused portion is sought by a third party who is willing to trade something of real value for it.

The property in this case is the British market, largely for food products and raw materials. The third party, of course, is our big neighbor to the south. Total value of the property concerned is not far short of $2 billions annually.

By the Ottawa agreements Canada was guaranteed free entry into the British market and certain quotas which in the case of bacon at least she has not been able to fill. United States with considerable surpluses looming in wheat, pork products, fruit and lumber is anxious to get a buyer. Washington has proposed that Britain buy these things on the same terms as has been granted to Canada.

Certain British goods, yet to be determined, are to be accepted in payment and the resulting booming trade dangled before the tariff harassed and war-fearing world as object lesson in peace.

Apparently United States and Great Britain are ready to talk business. They believe that something can be done to improve materially their present trading position, which briefly stands as follows:

**British Exports to U. S. (1936)**

| | $ |
|---|---|
| Whisky | 27,000,000 |
| Undressed furs and skins | 22,500,000 |
| Woollens | 14,500,000 |
| Linen | 13,500,000 |
| Tin and platinum | 12,200,000 |
| Leather goods | 4,000,000 |
| Printed matter | 3,500,000 |
| Burlap | 3,000,000 |
| Miscellaneous | 99,800,000 |
| Total | 200,000,000 |

**U. S. Exports to Britain (1936)**

| | |
|---|---|
| Raw tobacco | 95,000,000 |
| Raw cotton | 78,700,000 |
| Fruit | 53,300,000 |
| Meats | 28,900,000 |
| Oil products | 28,300,000 |
| Machinery | 20,500,000 |
| Lumber | 14,800,000 |
| Chemicals | 12,600,000 |
| Miscellaneous | 10,790,000 |
| Total | 440,000,000 |

**Canada's Position**

But talk is about as far as either country can go without approval from Canada. The Ottawa agreement gives certain definite concessions, particularly in regard to wheat, lumber, bacon and apples. These commodities, when produced within the Empire, enter Britain free. When produced outside, there is a duty sufficient to give any large-scale Empire producers a big advantage.

The United States Government, already under fire in certain quarters for trade agreements now in force, must get concessions for its own producers of the products named. Great Britain must get the consent of the various Dominions interested for any enlargement of present preferential treatment to include an outsider like United States. Of the Dominions, Canada is especially interested because her lines of surplus agricultural and lumber production and the harvesting seasons correspond almost identically with those of United States.

Both countries grow apples and pick them during the same months; both countries cut the same type of lumber; both normally have surplus wheat to sell in the fall; both have a surplus of pork products. Either the other Dominions do not produce these things at all, or they do so at a different season of the year and therefore would not come into direct conflict with United States exports.

Of course, there may be some friction between American producers of citrus and dried fruits and growers in Australia and South Africa, and there are a few other conflicting lines of minor importance. No major trouble, however, is anticipated in ironing out matters of this kind. Other dominions depend to a much larger extent than Canada on the markets and other support of the Mother Country. They have not the trump trading cards that are in the hands of the authorities at Ottawa. To the latter it is abundantly clear that a price is willing to be paid.

**Price to be Asked**

That price undoubtedly will be a larger share of the United States market in exchange for larger and freer entry of United States products into Great Britain.

The present U. S.-Canadian agreement went into force on Jan. 1, 1936. It has an initial life of three years and would therefore operate until the end of next year. It was negotiated under special powers granted President Roosevelt shortly after he first came into office in 1932, by which he could on his own initiative raise or lower existing tariffs by as much as 50%. These special powers

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# Cuban Trade Pact Expected

### Canada May Open Door to Sugar, Regain Fish, Potato Markets

From Our Own Correspondent

OTTAWA.—Canada's overworked trade negotiators may soon be forced to make a decision between potato growers and fishermen of the Maritime Provinces and beet sugar producers of western Ontario and Alberta. A trade agreement with Cuba is understood to be imminent with sugar due for the spotlight.

Under a special agreement with the West Indies, Canada is satisfying most of her present sugar import requirements from that quarter. As this West Indies pact is linked in with the Canada-U. K. Trade Agreement negotiations with Cuba may be rather prolonged.

Cuba is anxious to get back her old market for sugar in Canada. In return she is willing to accept Maritime dried fish, a commodity that has been difficult to sell since first depreciated currency and later boycotts and wars upset the Mediterranean market. Closing of the latter major outlet for dried cod increased competition and lowered prices in other catholic countries including Central and South America. Recently, too, Newfoundland has been proving increasingly aggressive.

Not so many years ago Cuba bought a good deal of fish from the Maritimes and took as well a large volume of potatoes. This market Canada's eastern provinces would like to see restored even if such does mean an influx of Cuban sugar.

**Beet Growers Opposed**

In direct opposition to the move are the sugar beet growers of Ontario and Alberta and the refineries. Cuba wants to do its own refining and ship Canada the finished product. At present she faces a prohibitive tariff and dump duty.

Beet growers declare that the free entry of Cuban sugar would spell the end of their industry and even members of the Government are inclined to agree with them. But among the low tariff western liberals generally and Government members from the Maritimes there is a growing disposition to let the growers sink or swim. They point out that the beet people are continually asking for more protection.

**Treaty Coming**

Though details are closely guarded, The Post understands that some sort of a deal involving Cuban sugar will be put through. To protect the refineries it is possible that some definite sugar quota will be given to Cuba in exchange for the purchase by that country of a certain annual volume of dried fish and potatoes.

Present trade amounts to $1.9 million of which Canada's export share is $1.5 million. We buy a little sugar, considerable fresh fruit and some tobacco, less than half a million dollars in all. We sell Cuba about $500,000 worth of potatoes, $250,000 of dried fish, $373,000 newsprint and $100,000 of chemicals.

## Quebec Legislature To Open January 26

From Our Own Correspondent

MONTREAL. — Premier Maurice Duplessis announces that the Quebec Legislature will open on Jan. 26. This puts to an end all rumors that an earlier session was contemplated by the Government.

MEN'S SHOP

# Men's Apparel

## From a Shop for Men of Discriminating Tastes

A most convenient shop, too! Just park your car (without charge) at EATON'S-College Street parking lot on Bay Street, which is right beside the MEN'S SHOP, and come in and see for yourself the large assortments of men's wear.

**SHIRTS** of fine quality English broadcloth in a pleasing variety of woven stripes and checks $2.00 to $5.00 ea.

**PYJAMAS** from England in smart patterns made from fine cotton broadcloth $5.00 to $8.50 pr., real silks $10.00 to $15.00 pr., others in cotton $2.00 to $4.00 pr.

**TIES** from France, Vienna, and England. All real silk materials $2.00 to $3.50 ea. Foulard handkerchief and tie sets $4.00 and $5.50 a set.

**SCARFS** imported in plaids, plain colors, and a great variety of attractive patterns. All wool $2.50 to $7.50 ea. Real silk $5.00 to $10.00 ea.

**DRESSING ROBES** in wide selection of imports in plain, plaid, and all over patterns. All wool $8.50 to $35.00 ea. Real silks $12.50 to $45.00 ea.

**SLIPPERS** in Calf, Kid, Suede and Morocco Leather. Opera, Everett, and Romeo styles. In shades of wine, blue, brown, or black. $1.95 to $5.95 pr.

**GLOVES,** English handsewn chamois. Sizes 7½ to 9½. $4.00 pr.

**SPATS** in fawn and grey shades made from fine imported box cloth. $2.50 and $3.50 pr.

FREE PARKING WHILE SHOPPING
Bay Street Section

EATON'S-COLLEGE STREET


# The Nation's Business

(Continued from page 1)

spread of views and ideas throughout communities—especially communities that are neighbors. He then pointed out that such a view, while laudable, was not an adequate answer to the peculiar problems facing Canada today and that what was especially needed was that we should jealously guard our national literature and press if we were to prevent this country from being flooded with American publications not in accord with our conditions and national aspirations.

It is a notable encouragement to have Ontario's top ranking cabinet minister speak out so plainly and fearlessly in favor of fair treatment for Canadian national periodicals. Canadian periodicals do not seek from Ottawa a tax against imported publications, they merely ask relief from being the only industry in this country handicapped by having no protection and at the same time paying (through duties and taxes) higher prices than their foreign competitors on practically all raw materials.

Mr. King's views in 1931 were farsighted but he applies them curiously. He frees foreign publications from taxes but continues to impose heavy burdens upon our own nation-building literature.

• • •

### What Really Was Ontario's Surplus?

DURING the recent Ontario election there was much controversy regarding the reported provincial surplus of $9.3 millions and the $33 millions reduction in gross debt. The Liberals claimed one thing and the Conservatives another. The result was that the public was confused. The public accounts have now been published and throw official light on the mystery.

Three facts stand out. First, the Ontario Government did have a surplus of $9.3 millions on ordinary account after providing for unemployment relief. Second, if the accounts are set up on a pay-as-you-go basis, on which the Government claims to be operating, then results were much less satisfactory, the surplus amounting to only $602,783, which is equivalent to the decrease in the net debt. Third, the reduction of $33 millions in gross debt is placed in better perspective when it is put beside a decrease of $32.4 millions in revenue producing and realizable assets.

• • •

NO BETTER argument for the simplification of government accounting practices could be secured than the confusion which arose in regard to the Ontario surplus. There would be no mystery if all provincial governments would set up accounts in the same manner as does the Dominion Government. The Dominion Government shows its results for the year on a pay-as-you-go basis, so that the deficits or surplus is equivalent to the increase or decrease in net debt. In the final analysis this is the only proper way to judge results for the year. A surplus on ordinary account may mean very little if there has been a substantial increase in debt, as often happens in the case of a province.

• • •

### Next Year's Results Important

WHEN the Ontario Government reported its large surplus and reduction in gross debt, it was immediately heralded as an outstanding accomplishment and regarded as the beginning of a period of debt reduction. But it will be what happens this year and in coming years that will be important.

Net debt showed only a minor decrease last year. In the current year there will probably be an increase, because after an expensive election campaign it is doubtful whether the Government will be able to report a substantial surplus on ordinary account. In any case, any surplus on ordinary account will be more than offset by expenditures on capital account, which were estimated by the budget at $20 millions.

The Financial Post has no desire to belittle the accomplishment of the Ontario Government to which it has already extended generous and deserved praise. The results of the 1936-37 fiscal year on ordinary account were the best in the history of the province and the decrease in net debt, although small, was the first shown since 1917. However, if Ontario is to achieve a substantial cut in debt there will have to be a close control of ordinary expenditures, smaller commitments on capital account will be necessary, and debt reduction will have to become a major policy alongside tax reduction.

# Corp. Investors Changes Holdings

## Proportion of Bonds and Common Shares Reduced

Corporate Investors Ltd. report for the half year ended Oct. 31, 1937, shows gross earnings per share at a rate which, if continued for the balance of the year, will provide per share earnings of 40 cents for the year ending April 30, 1938, compared with 32 cents a share in the preceding period.

Present offering price is $6.50 a share.

During the latest three-month period further reductions have been made in the proportion of government and municipal bonds held, while preferred stocks have increased and common stock been reduced. Actual investment distribution is shown in the following table:

| | Govt. & munic. bds. % | Corp. bds. % | Pref. stks. % | Com. stks. % |
|---|---|---|---|---|
| June 30, 1932 | 100 | .. | .. | .. |
| Apr. 30, 1933 | 55 | 45 | .. | .. |
| Apr. 30, 1934 | 14 | 19 | 32 | 35 |
| Apr. 30, 1935 | 7 | 5 | 42 | 46 |
| Apr. 30, 1936 | 3 | 3 | 29 | 65 |
| Apr. 30, 1937 | 2 | 3 | 29 | 66 |
| Oct. 31, 1937 | .. | 3 | 32 | 65 |

Actual changes made in the investment trusts' holdings in the three months ended Oct. 31, 1937, were as follows:

**Portfolio Changes from July 31 to Oct. 31, 1937**

**Additions**

**Preferreds**
Canada Steamship Lines.
Dominion Coal Co.
Frost Steel, 7%.
Great Lakes Paper, A.
Blue Ribbon, 6½%.
Price Brothers, 5½%.
Western Grocers, 7%.

**Commons**
Canada Wire & Cable, B.
Beatty Bros., A.
Canadian Bronze Co.
International Paper & Power.

**Deletions**

**Bonds**
Dominion of Canada, 3½%, 1949.
Brisbane, Australia, 5%, 1957.
St. Catherines, 5½%, 1938.
Sydney, Australia, 5½%, 1955.
Consolidated Press, 6½%.
Great Lakes Paper, 5%.
Mersey Paper, 6%.
New Method Laundry, 6%.
Parisian Laundry, 6½%.

**Preferreds**
Aluminium Ltd., 6%.
Agnew-Surpass, 6%.
Canadian Canners, 1st pref.
Provincial Paper, 7%.
Howard Smith Paper, 6%.
Steel Co. of Canada, $1.75.

Only two of the additions shown above, Canada Steamship Lines $2.50 preferred and International Paper & Power 5% preferred, represent new stock added to the list of holdings, the balance being further purchases of stocks already held. Of the total list of investments held, 52 have paid initial or increased dividends since purchased.

# M. I. P. Appeal Prolongs Fight On Stock Sale

## Nesbitt, Thomson & Co. Disputes Adverse Ontario Judgment

### TERMS OF RULING

Liability of Nesbitt, Thomson & Co., Montreal investment bankers, to preferred shareholders of Montreal Island Power Co. remains at issue pending disposition of the appeal of the former firm against the judgment of Mr. Justice Greene, of the Ontario Supreme Court, in favor of Joseph M. Pigott and Pigott Construction Co., Hamilton, Ont.

In addition to the Pigott action, four other claims have been filed against Nesbitt, Thomson on a basis similar to that of the Pigott suit — alleged falseness of statements in the prospectus issued in promoting sale of the stock. Active prosecution of these additional claims has been withheld during the year that the Pigott suit has been in process of trial and will apparently remain pending until the Nesbitt, Thomson appeal has been heard.

Awarded to plaintiffs by the judgment was the purchase price ($9,800) of 100 shares of Montreal Island Power preferred stock plus a bonus of 40 shares of common, interest at 5% from the time of purchase in June, 1927, and costs of the action. Rejected was a claim for price paid for a subsequent purchase of 50 common shares, the court failing to find that this purchase was induced by the alleged misrepresentation in the original prospectus issued by Nesbitt, Thomson as underwriters and sales agents of the power company stock.

**No Dividends Paid**

Potentially involved in the litigation is the entire issue of $1 million of the power company's preferred stock, entitled to dividends of $6 a year per share cumulative from Jan. 1, 1928. No dividends have as yet been paid, the arrears now amounting to $60 a share, and market value of the stock was given at $15 a share during the trial of the Pigott suit. Up to last year, operations of the company had been sufficient to cover only bond interest and partial depreciation requirements.

Montreal Light, Heat & Power Consolidated is sole purchaser of the output of Montreal Island Power, exercises the functions of management and supervision, and owns controlling portions of the first mortgage bonds and common stock of the power company.

The judgment now being appealed notes that the Pigott action was based on complaint that the site of the power company's plant near Montreal was not capable of producing the head of water cited in the prospectus and therefore did not have the power development potentialities of which it was declared capable; that the contract obligations of Montreal Light, Heat & Power Cons. were misrepresented; that the estimate of earnings of Montreal Island exceeded the limit of reasonable probability; and that the statement the site had been favorably reported on by engineers was misleading. It was also complained that material facts and conditions were withheld to an extent rendering certain representations in the prospectus false and misleading.

**Two Questions**

Detailed analysis of the prospectus and the evidence taken during the trial is based in the judgment on consideration of two questions:

"Were the representations and statements complained of false?" and "If so, did the defendant know such statements to be false, or make them recklessly and fraudulently without any honest or genuine belief in their truth?"

In his judgment Mr. Justice Greene says:

"The false statements have been discussed and I find that they were made fraudulently without any real belief in their truth. The prospectus was quite evidently constructed for the purpose of selling the preference shares without regard to the interests of the purchasers."

Referring to the reference in the prospectus to the site being "favorably reported on" by engineers, the judgment comments:

"In my opinion the statement that the reports named were favorable was false. It could have no real significance unless it was intended to apply to the scheme being put before the investing public and in my opinion it was so intended and would be so read by the investor."

**Argument Rejected**

The court rejects the argument of the defendant that the Pigott claim was invalid because of the lapse of time between the purchase of the stock and the time of entering suit, and because of the legal status of the plaintiff company.

Original plans of the power company called for installation of 10 generating units with an ultimate capacity of 92.500 h.p. and with a potential actual development of 65,000 h.p. When the head of water proved less than was estimated, only six units were installed (total capacity. 55.000 h.p.) and at last reports up to 40,000 h.p. were being taken by Montreal Light, Heat & Power Cons.

On this phase of the dispute, the judgment says:

"The evidence established that a 26-foot head could only be obtained by flooding lands that the company did not own and for the right to flood which the company paid in later years sums approaching a total of $1.5 million. The evidence also established that even with the present installation of six turbine wheels there is not sufficient water to maintain a head of 26 feet. If two more power units were installed as advocated by the defendant, the difficulty of maintaining head would be increased."


From COAST TO COAST
... a constructive and stabilizing force in the business life of hundreds of communities.

BANK OF MONTREAL
ESTABLISHED 1817
MODERN, EXPERIENCED BANKING SERVICE
... the outcome of 120 years' successful operation
HEAD OFFICE, MONTREAL


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# Quebec Names Hydro Board

## Provincial Syndicate Will Develop Power in Mining Areas

From Our Own Correspondent

MONTREAL. — S. A. Beaulme, civil engineer of Montreal, and Marvin James Savers of Noranda, have been named to the National Electricity Syndicate, a body created last session of the Quebec Legislature to establish a provincial hydro-electric system. The third member of the syndicate will be named shortly.

Making known the personnel of the syndicate, Premier Maurice Duplessis states that under the Act of last year the Syndicate is created a corporation which is to be the mandatory of the province, and possess, in addition to special rights given by the Act itself, all rights exercised by corporations in general.

The head office of the syndicate will be in the city of Quebec, but the field of operations will be in the electoral counties of Abitibi, Temiscamingue, Lake St. John and Roberval, where the mining industry has already attained such scope that the electricity problem is much to the forefront.

**Stick to Own Field**

It is not the intention of the Quebec Government to enter into competition with the established power systems, but the primary development of the new syndicate, which it is expected will be the exploitation of a power site in northwestern Quebec, which Noranda Power Co. had planned to develop, will have a bearing upon the operations and future policies of Northern Quebec Power Co., a subsidiary of Canada Northern Power.

As regards the National Electricity Syndicate, the syndicate has been given powers, under government supervision, to establish generating plants and transmission and distribution lines for lighting, heating and power purposes, and, any installation and apparatus necessary to supply electricity to the public.

Authority is given for expropriation as needed, with the courts as the medium.

The provincial treasurer may be authorized by an order-in-council to place up to $10 millions at the disposal of the syndicate, and the Government is authorized to borrow that amount for a period of not more than 30 years and at an interest rate not higher than 4%.

## City of Montreal Seeks To Abolish Commission

MONTREAL.—The city of Montreal will ask the Quebec Government either to abolish the Montreal Metropolitan Commission or relieve the city of its annual contribution of $460,000 to that body, according to Mayor A. Raynault.

"The city of Montreal has no need of the Metropolitan Commission," according to the mayor. "Maybe other municipalities need it, but we are indifferent whether it continues or not."

Most of the money contributed to the Metropolitan Commission goes to pay charges incurred by bankrupt municipalities on Montreal Island and to cover their deficits. Mayor Raynault feels that Montreal should not be burdened with such expenditure and that control of these municipalities should be assumed by the Quebec Municipal Commission.

# Canada Holds Trade Pact Key

(Continued from page 1)

were renewed at the beginning of his second term of office in 1936.

Because this Canadian-U. S. pact coincided with a sharp rise in most commodities, a rise that brought them into trading range even over the pre-agreement U. S. tariff wall, and because also on certain items like newsprint continued free entry was merely guaranteed, there is considerable controversy on both sides of the line over the total benefit derived from the new agreement. In any case, however, trade between the two countries has grown rapidly in the last few years. Total of well over $800 millions for the fiscal year ending March last is approximately $100 millions above 1936 and $225 millions over 1932. But it is still less than two thirds of the total in the last full year before the United States raised the tariff in 1930.

Present trade between the two countries is as follows:

**Canadian Exports to Britain Year Ended Mar 31, 1937**

| | $ |
|---|---|
| Fruits, mostly apples | 6,300,000 |
| Wheat | 153,000,000 |
| Other grains | 6,000,000 |
| Flour, grain products | 17,000,000 |
| Rubber products | 4,600,000 |
| Tobacco, raw | 2,600,000 |
| Canned vegetables | 3,500,000 |
| Livestock | 2,800,000 |
| Fish | 5,300,000 |
| Furs, raw | 10,200,000 |
| Lard | 3,800,000 |
| Leather | 5,300,000 |
| Bacon | 27,800,000 |
| Other meats | 3,500,000 |
| Cheese, milk, etc. | 11,200,000 |
| Textiles, raw | 2,500,000 |
| Paper | 7,000,000 |
| Lumber | 28,800,000 |
| Machinery, autos, hardware, pig iron, mill products, etc. | 13,000,000 |
| Aluminum | 8,000,000 |
| Copper | 25,500,000 |
| Lead | 8,000,000 |
| Nickel | 13,200,000 |
| Platinum | 8,000,000 |
| Zinc | 6,700,000 |
| Chemicals | 4,200,000 |
| Miscellaneous | 3,200,000 |
| Total* | 407,996,000 |

*Including other items not specifically listed.

**Britain's Exports to Canada Year Ended Mar. 31, 1937**

| | $ |
|---|---|
| Spirits | 5,700,000 |
| Tea | 3,000,000 |
| Vegetable oils | 4,300,000 |
| Other food products | 5,000,000 |
| Furs, leather, etc. | 5,000,000 |
| Textiles | 46,600,000 |
| Printed matter | 2,300,000 |
| Machinery, boilers, hardware, bars, iron sheets, etc. | 15,000,000 |
| Tin plate | 8,000,000 |
| Copper, aluminium, nickel prod. | 6,078,000 |
| Coal | 6,754,000 |
| China and glassware | 4,200,000 |
| Chemicals | 6,900,000 |
| Miscellaneous | 6,960,000 |
| Total* | 129,524,000 |

*Including other items not specifically listed.

**1930 Tariff Sufferers**

When the United States hoisted its general tariff in 1930, chief industries to suffer in Canada were agriculture, fishing and lumbering. Exports in these lines slumped drastically and there was considerable hardship.

The Ottawa agreements of 1932 whereby exports to Britain were stepped up brought some relief, but not a great deal until the pound advanced sharply in terms of Canadian money about the middle of 1933.

The lack of a really big United States outlet, however, continued to be felt. The agreement with Washington at the beginning of 1936 helped again, bringing still further markets for livestock, some classes of lumber and dairy products and potatoes.

In any new agreement to be negotiated it is expected that efforts will be made to widen the markets for such products and also to increase sales of fresh fish from the Maritimes. Wheat and other grains which went into the United States in considerable quantities previous to the 1930 tariff are not expected to be helped because the tariff on these commodities is already so high that a 50% cut, the limit within Roosevelt's powers, would not make any difference. Any further concession in the other commodities mentioned, however, would be of particular importance because they would benefit a large section of Canada.

**Sectional Concessions**

If fresh fish and potatoes from the Maritimes were admitted freely by the United States, then there would be less objection on the part of Nova Scotia apple growers to sharing the United Kingdom market with the Americans. If more cream, cheese and butter and finished cattle were admitted from the central and western provinces, there probably would be little objection to American wheat and pork products enjoying the same privileges as Canadian in Britain. To Ontario and Quebec may be held out the special inducement of cheaper American coal, although Washington is probably more anxious to get the duty removed on this product than Ottawa will be to grant it.

To satisfy British Columbia may require a good deal of horse trading. A wider shingle market in the United States would help, but it is doubtful if the general lumberman along the Pacific and the apple grower in the Okanagan would be willing to trade such a privilege for his present protected market in the British Isles. Present indications, however, point to the end of the boom in lumber exports to Britain. B. C. exporters already report a greatly lessened demand. The same report comes from the lumber exporters of the Baltic. The gradual slackening of housing construction in Great Britain is probably responsible. On the other hand, a housing boom in the United States might create a new outlet for lumber there, while cessation of hostilities in the Orient is almost certain to be followed by more demand from that quarter. In either case the U. K. lumber market would lose some of its relative importance, and opposition to a new three-way agreement between Canada, the United States and Great Britain might disappear.

**Agricultural Products**

Much more than half of Canada's export to Great Britain is in agricultural products, largely wheat, meats, dairy products, fruit and canned goods.

Wheat is admitted free from the Empire, with a six-cent duty to outsiders. Due to the different quality of Canadian wheat and its particular value for mixing purposes, it is in a different class from United States grain and it is doubtful whether there would be any great objection on western Canada's part if the tariff against the American product were removed. Bacon is in almost the same category. Britain is willing to pay a special price for a special quality. Canada produces this special quality, the United States does not. Moreover, though we have been trying for six years to fill our annual quota allotted under the Ottawa agreements, we are still running a third short. In return for greater outlets for Canadian cattle in the United States there probably would be no objection to permitting freer entry of United States pork products into Great Britain.

**Monetary Agreement Too**

In other major lines of export to Great Britain, aside from the lumber and apple situations already mentioned, there would seem to be little conflict. The bulk of Canada's industrial exports is made up of raw materials which the United States does not export.

While greater shipments of goods between the three countries involved will be the main objective of the authorities interested, some monetary agreement is almost certain to be included. Any such arrangement, however, may remain purely unofficial and unmentioned. It will be vital, however, or any downward revision of tariffs may have no effect. There will have to be maintained some very definite relation between sterling and dollars so that a pound of goods in one country can be exchanged for a pound of something equally valuable in another.

**Canadian-U. K. Trade**

Present position of Canada's trade with Great Britain is as follows:

**U. S. Exports to Canada Year Ended Mar. 31, 1937**

| | $ |
|---|---|
| Fresh fruits | 13,200,000 |
| Raw furs | 4,700,000 |
| Cotton (raw and manufactured) | 24,000,000 |
| Silk, raw | 4,000,000 |
| Printed matter | 9,600,000 |
| Paper | 4,900,000 |
| Lumber | 11,000,000 |
| Automobiles | 9,600,000 |
| Automobile parts | 27,200,000 |
| Engines and boilers | 7,500,000 |
| Farm machinery | 10,000,000 |
| Other machinery | 27,400,000 |
| Steel sheets | 10,900,000 |
| Electrical apparatus | 10,300,000 |
| Coal | 26,000,000 |
| Petroleum | 31,000,000 |
| Stone | 5,000,000 |
| Chemicals | 19,000,000 |
| Miscellaneous | 29,000,000 |
| Total* | 394,419,000 |

*Including other items not specifically listed.

**Canadian Exports to U. S. Year Ended Mar. 31, 1937**

| | $ |
|---|---|
| Spirits | 21,548,000 |
| Grains and products | 43,500,000 |
| Livestock | 15,000,000 |
| Meats | 3,000,000 |
| Dairy products | 1,700,000 |
| Fish | 12,100,000 |
| Furs (raw) | 7,400,000 |
| Newsprint | 90,000,000 |
| Pulp | 28,600,000 |
| Pulpwood | 8,500,000 |
| Shingles | 6,400,000 |
| Other lumber | 14,200,000 |
| Farm implements | 1,900,000 |
| Gold, bullion, dust nuggets, etc. | 81,000,000 |
| Nickel | 23,600,000 |
| Copper | 3,000,000 |
| Silver | 5,800,000 |
| Asbestos | 7,000,000 |
| Stone | 5,600,000 |
| Abrasives | 4,400,000 |
| Chemicals | 8,700,000 |
| Miscellaneous | 9,000,000 |
| Total* | 435,014,000 |

*Including other items not specifically listed.

## Outremont Budgets For Surplus Next Year

From Our Own Correspondent

MONTREAL.—The city of Outremount is budgeting for a surplus of $10,283 in 1938, revenue being estimated at $996,601 and expenditures at $986,318.

Tax revenue for the year is estimated at $689,403. Of this amount general municipal taxes total $363,363; local improvement taxes, $178,164; police and fire taxes, $113,432; street-lighting taxes, $30,098; lane-cleaning taxes, $5,343. A reserve has been provided for taxes contested by Montreal Tramways Co.

## Vancouver Tax Rate May be Increased

Failure of the British Columbia Government to make any provision in its budget for further aid to municipalities may mean a three-mill increase in Vancouver's tax rate, according to Ald. J. W. Cornett, chairman of the city's finance committee.

# U. S. Advertising Lags in October

## Drop Will Have Bearing on Consumption of Newsprint

From Our Own Correspondent

MONTREAL.—October linage in 52 metropolitan cities in the United States, compiled by Media Records and published by Editor and Publisher, lagged behind that of October, 1936.

General advertising showed a substantial loss from its recent level, though still holding above the five-year average. At the same time automotive linage, spurred by early announcements of new models, stepped up to the best October level since 1929. Department stores and other retailers kept their advertising higher than in October a year ago.

Total advertising linage last month was 134.9 million lines, as against 136.6 million lines in October, 1936. Retail accounted for 77.7 millions, a slight increase over last year; departmental stores 31.7 millions, an increase of 1.4%; general advertising at 23 million lines was 16% below last year's figure.

## Publishers' Paper Stocks Hold at 56 Days Supply

From Our Own Correspondent

MONTREAL. — American publishers' stocks of newsprint paper on hand and in transit at the end of last month totalled 509,814 tons, equivalent to 56 days' supply. While the supply was 29,500 tons greater than at the end of the previous month, it was equal to one day's supply less owing to the increased requirements of the publishers.

During Oct., 1937, the 431 reporting newspapers used 280,573 tons, as against 273,505 tons in the same month last year, an increase of 2.6%.

Can you think back 30 YEARS?

Radio and air-conditioning, still in the future; commercial air transport, a mere possibility . . . these and many other developments in the past thirty years today spell Big Business.

Because small business properly nurtured and intelligently directed becomes big business in the fulness of time, The Royal Bank of Canada is vitally interested in the welfare of young and growing enterprise. To the directing heads of such businesses it offers the fullest possible co-operation.

THE ROYAL BANK OF CANADA

OVER 700 BRANCHES IN 30 DIFFERENT COUNTRIES

Ideas worth MONEY

A new product or process, proved practical by adequate tests, can only become profitable when it is put to work. This requires MONEY. Financing the manufacturing and the marketing of all products is a regular function of this Bank. If you are planning new productions, call in and have a talk with the Manager of our nearest Branch. This Bank offers to business men the advantages of financial strength, wide experience and complete facilities for every banking need.

THE DOMINION BANK
ESTABLISHED 1871

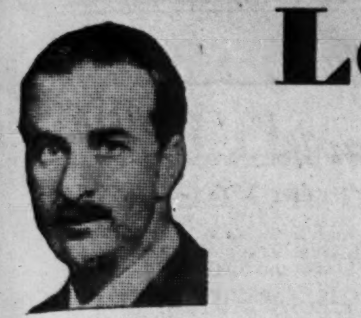
C. H. CARLISLE, *President.*
ROBERT RAE, *General Manager.*


# Weekly Record of Financing in Canada

**SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS**

| Municipal— | Date Sold | Sold to | Rate | Due | Amount | Price | Yield |
|---|---|---|---|---|---|---|---|
| Longueuil, Que. | Nov. | Credit Anglo-Francais, Banque Can. Nationale | 4% | 1938-62 | $41,700 | 97.25 | .... |

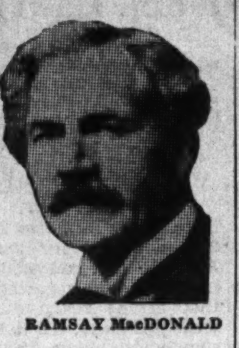
# London Calling



LORD BRABOURNE

### by Atticus

**Famous London Columnist Weighs Career of Ramsay MacDonald Seen in Many Contrasted Circumstances — Swift Promotion for "the Man of Kent"**



RAMSAY MacDONALD

LONDON—

There is a corner seat below the gangway on the Ministerial side in the House of Commons that has often had historical significance, and its interest has not diminished in this Parliament. It was there that Sir Austen Chamberlain sat day by day with his slim elegance, his monocle, and his silk hat, reminding us of the days of more graceful and dignified political debate.

It was from this place that Sir Samuel Hoare, with sticking-plaster on his nose, like a wounded duellist, defended himself for the Hoare-Laval plan which might well have offered a workable solution of the Abyssinian problem if the outraged conscience of the nation could have been brought to accept it. We shall not easily forget that last dramatic moment when his icy self-control broke down and he hurried from the House amid sympathetic cheers from all sides.

And it was to this corner seat that Ramsay MacDonald repaired when he withdrew from the Cabinet a few months ago. So focused was the limelight on the figure of Mr. Baldwin, the retiring Prime Minister, that the passing from office of Mr. MacDonald had gone practically unnoticed.

As Mr. Attlee said last week, in a speech of admirable dignity and good taste, we are too close to Ramsay MacDonald's career to appraise it at its true value. Yet I saw him in many strange and contrasted circumstances, and, disconnected as they are, they make a picture in the mind which is ineffaceable.

* * *

#### *From Chaos to Cosmos*

In the summer of 1931 I went to see Mr. MacDonald at Downing Street. He had just been recalled from Lossiemouth by the outcry following the publication of the May Report. His manner was petulant, exasperated. He spoke rapidly and his words did not pay complete respect to logic. Yet more than once he repeated: "If economies of a drastic nature have to be imposed, then the Tories must take responsibility with us." I did not form the impression that he had clearly thought out a plan for a National Government, but rather that he did not want his party to suffer the unpopularity that would accrue if it alone had to operate the guillotine. I left Downing Street convinced that this was not the man to lead the nation back from disaster's edge.

The next time I saw him was in the Cabinet Room on the famous Sunday night when the first National Government was to announce the abandoning of the Gold Standard. There was a conference with Fleet Street editors, and on one side of the table sat the four pillars of the improvised Administration—Mr. Snowden, a tight-lipped, little Robespierre, Sir Herbert Samuel, his face masked in a more than usual inscrutability, Mr. Baldwin, trying to look as if there was nothing unusual in a Conservative leader serving under a Labor Prime Minister, and Mr. Ramsay MacDonald.

It was difficult to believe that this was the same man who had come back so recently from Lossiemouth. All hesitation was gone, all perplexity and petulance. He was as completely master of the situation as though the country had returned him with a clear mandate and an overwhelming majority. With absolute clarity and great forcefulness he outlined the circumstances that had led the Bank of England to suspend gold payments.

There was scorn in his voice for the speculators who had weakened sterling, but he did not let his emotions run away with him at any moment. He ended with the words: "We have no power over the Press or—shall I say?—we do not wish to exert any power over the Press. According to how you represent this news to the public tomorrow, so there will be financial panic and food riots and that kind of thing, or else there will be calm, confidence and even a feeling that better times are at hand. Tomorrow, gentlemen, the Government of the country is in your hands."

He was at his best that night. He had touched greatness. He spoke with the authority that marks the born leader.

* * *

#### *In His Home*

Three years later I spent a morning with him at his Hampstead home. The cares of office had taken their toll. His voice was calm and his charm more potent than it had ever been but his foot moved nervously all the time, even when his talk was of books or the Scottish villages by the sea. We conversed with great frankness on many subjects and eventually came to the League of Nations.

"The idea of the League as a super-armed State is all wrong," he said. "It cannot stand the test of common sense. The League would have to possess a General Military Staff made up of officers from all its member States. Of necessity there would be a secret plan of campaign drawn up against each nation. Can you imagine a British officer assisting to devise a military plan against this country and keeping it secret from the British Government? The whole thing is ridiculous."

We talked on the delicate matter of his actions during the war. The next day I sent him my notes of our conversation and my deductions from it. He made many corrections in the manuscript, including some that were trivial. Among other things that I had written was: "The impression I formed was that if Mr. MacDonald could retrace his steps to 1914 he would not take the same decision." That sentence was left unchanged.

* * *

#### *Epilogue*

So as to the declining days of Mr. MacDonald's political career, when there seemed neither gratitude from one side nor any respite from hatred on the other. Seaham Harbor won doubtful fame by refusing him a hearing in the 1935 election and rejecting him at the polls. No longer Prime Minister, without a seat in Parliament, with only a corporal's guard to follow him, he became one of the members for the Scottish Universities and remained on the Government Front Bench—a shadow Minister now. Long years of incessant toil had worn him out; his old prowess in debate had gone. Yet in counsel and in conversation his mind remained clear and even acute.

The day that he returned from the Palace after handing over the seals of office we had our last talk together. I asked him why he had declined an earldom. His reply was completely sincere. "When I go home to the village in Scotland the men all call me 'Jamie.' Do you think I want them taking off their caps and calling me 'Milord'?" Now he will rest in the soil of that spot of which he once said: "I love this place with a passionate fervor which sometimes alarms me. The broom and the gorse and the heather refresh my soul and the salt wind from the Firth purifies me mentally and physically."

A gifted man, fine minded and fine souled. Let the ultimate historian appraise him as he will; those of us who knew him will remember him with nothing but kindliness.

* * *

#### *Swift Promotion*

The progress of Lord Brabourne, who, as expected, has been appointed to the Governorship of Bengal, has been remarkably rapid. He did well in the War, winning the M. C. and being mentioned in dispatches. His ancient Kentish family had supplied a representative in every Parliament since James I except that of Edward VII. It was in 1931 that the then Hon. Michael Knatchbull reached Westminster as member for Ashford.

Almost at once he joined that twilight fraternity of Parliamentary Private Secretaries who sit in unpaid dignity behind their chiefs and ruminate on the formidable distance between the two Benches. He was attached, however, to the Secretary of State for India, Sir Samuel Hoare, who possesses a keen eye for talent. The result was that after a mere two years in Parliament he went to succeed Bonar Law's son-in-law, Sir Frederick Sykes, as Governor of Bombay. He was only 38 years of age, which is younger than the popular conception of the occupant of Government House.

It is on record that "the man of Kent" (who while in Bombay became Lord Brabourne) and Sir John Anderson (as Governor of Bengal) had parallel problems and achieved parallel success. Lord Brabourne had to deal with racial riots and Sir John with terrorism. The measure of their mutual success was the extension of Sir John's term of office and the eventual promotion of the younger man to Bengal.

* * *

#### *Hamlet*

I am afraid this column today is overweighted with memories, but I would not like it to end without a word about that prince of Hamlets, Sir Johnston Forbes-Robertson. He was so completely of the theatre that his personality was like a lamp that only came to life when lit by the taper of an author's genius. He had rather a contempt for ordinary conversation. After the rich music of Shakespeare's lines he found little pleasure in contemporary talk about the weather. The contrast between the actor and the man was astonishing. He gave so much to his master, William Shakespeare, and kept so little for himself.

Of all the poignant memories of the theatre nothing can excel the pathos of that moment when on his farewell appearance he spoke the final words of Hamlet: "The rest is silence." The audience were moved to audible emotions, but not Sir Johnston. Although his lines were finished he was still Hamlet waiting for the arrival of Fortinbras—not an actor bidding good-by to his career.

# *Attorney General Urges Value of National Press*

Deploring the tendency on the part of Canadians to subvert national distinctiveness under the influence of the radio, moving pictures, and the circulation of American literature and journals, Hon. Gordon D. Conant, Attorney-General for Ontario, urged the support of Canadian journalism and literature in an address to the Toronto Board of Trade Club this week.

"While," he said, "we welcome the establishment of branch industries, regardless of their country of origin, we must at the same time guard our national heritage, our national spirit, and our national distinctiveness. You will probably appreciate that in this connection I refer to the present-day tendency to subvert our national distinctiveness resulting from moving pictures, the radio, and the circulation of United States literature and journals among our people. The movies and the radio are so difficult, if not impossible, to control and are of a nature so largely dominated by United States interests, that a national press is about the only nation-building medium we have left. Probably all or most of us would subscribe to the statement made by the Rt. Hon. W. L. Mackenzie King in the House of Commons in July, 1931, when he said: 'I deplore any tax which will in any way restrict the widest spread of views and ideas throughout communities, particularly communities that are neighbors.'

"I do feel, however, that we should jealously guard our national literature and our national press. Our geographical position, and our community of languages and interests, have resulted in the flooding of Canada with American publications which are of necessity different in their complex, and present an aspect not always in accord with our conditions and our national aspirations. I feel very strongly that we should, by every possible means, lend encouragement to Canadian journalism and Canadian literature, to the end that while commerce may flow in ever-increasing volume between these two great nations, we shall not in any way subvert our Canadian nationalism to that of any other nation."

# Victor in Steel Strike

(Continued from page 1)

United States, there seemed to be a breakdown of respect for law and for impartial administration when President Roosevelt gave aid and comfort to the C.I.O."

In the United States, Mr. Girdler is widely credited with not only defeating the C.I.O. and spiking its bid for labor dictatorship, but also winning recognition of the right to work as well as of the right to strike. This right implies also the right to join or not to join any organization and the right to join or not to join a strike.

**Contract Refused**

He refused to sign a contract with the C.I.O. partly because he regarded the C.I.O. as an irresponsible and disruptive organization. But basically he resisted because he saw such a contract as merely a prelude to a demand for the closed shop and the checkoff (pay deductions for union dues), under which all workers would have had to belong to the union and pay dues whether they liked it or not. The strike was won and the right to work preserved when Governor Davey of Ohio finally mobilized troops to protect workers who wanted to return to their jobs from the increasing lawlessness and violence of C.I.O. "shock troops."

Mr. Girdler has no objection to any of his employees joining a union, or to dealing with accredited spokesmen for employees who wish to present grievances or requests. Members of A. F. of L. craft unions, such as bricklayers, carpenters and electricians have been employed in his plants for years. Company officials conferred with C.I.O. agents when they first appeared to present "demands" and "grievances" which played no part at all in the later strike. But he is adamantly opposed to industry joining with labor dictators and government agencies virtually to dragoon workers into unions.

**"Mushroom" Unions**

Without the closed shop and the checkoff, unions of the "mushroom" type in the C.I.O. cannot continue, in Mr. Girdler's opinion. In contrast with claims of C.I.O. steel union leaders that they have mobilized 500,000 members and have agreements with 400 "steel companies," Mr. Girdler doubts if they have retained adherence of more than 30,000 dues-paying members or have agreements with more than 40 companies actually producing steel.

"Even in those plants covered by C.I.O. agreements, union membership (both nominal and dues paying) is dropping off," he remarked. "Without the closed shop and checkoff, the C.I.O. has got to get more for its members than they were getting before. With wages as high as they are in steel, with hours as short as they are, and with business slackening, any further concessions to labor at this time are economically unjustified.

**High Wages, Short Hours**

"The buyers' strike in the construction industry showed what happens when excessively inflated wages force soaring costs and prices. Steel prices have risen to some extent, but not to the same extent as wage levels, and increased prices have by no means absorbed the advance in the labor cost. An even greater disparity between prices and wages could not be justified."

Mr. Girdler estimated that steel wage rates had advanced 40% during the past year or two, and that some of the more highly skilled workers were now earning $15, $25 and $30 a day. It is misleading, he felt, to quote the comparatively low basic rate of 62½ cents an hour for common labor, as this applied to only 5% of those employed. The old working week standard of 48 hours had been cut to 40 hours, with a limit of eight hours a week on overtime, with the result that some workers earned less in a week despite higher wages. He thought they would prefer a 44-hour week.

"They are not interested primarily in wage rates and hours. What they are interested in is the amount in their pay envelopes each week," he remarked.

**C.I.O. Dilemma**

Mr. Girdler is curious as to what approach the C.I.O. will make to U. S. Steel Corp. when the agreement with the corporation expires in February.

"If they only ask for renewal, membership and dues payments are apt to fall off even more rapidly," he pointed out. "If they ask for higher wages and shorter hours, they will do so knowing perfectly well there is no chance or justification for getting them. They can't get the closed shop and the checkoff, and I don't think they want to strike in their present state of disorganization. Altogether, it looks as if they had bitten off more than they could chew.

"There has to be a limit to any upward trend of wages and to application of the gospel that 'industry must provide work.' That is just plain silly. How can you go ahead making steel and paying your men when you haven't got the business coming in? It is like trying to lift yourself by your bootstraps.

"If prices are jacked up in direct proportion to wage increases, there is bound to be a slackening of business to the eventual disadvantage of the worker. Even if wage and price boosts are general, the worker has to pay more to live and is no better off than he was before."


A WORD *to the* Wives

BECAUSE women often see things from a different angle than men, wives should play an important part in planning wills.

How much it takes to run the house each month—which child is apt to need more specialized attention than another—the bequeathing of personal effects—how much should go to charity and who should be named Executor—all are questions that wives should have a part in answering.

And so we urge each wife who has not already done so to have a frank talk with her husband in regard to the protection which only his will can give her.

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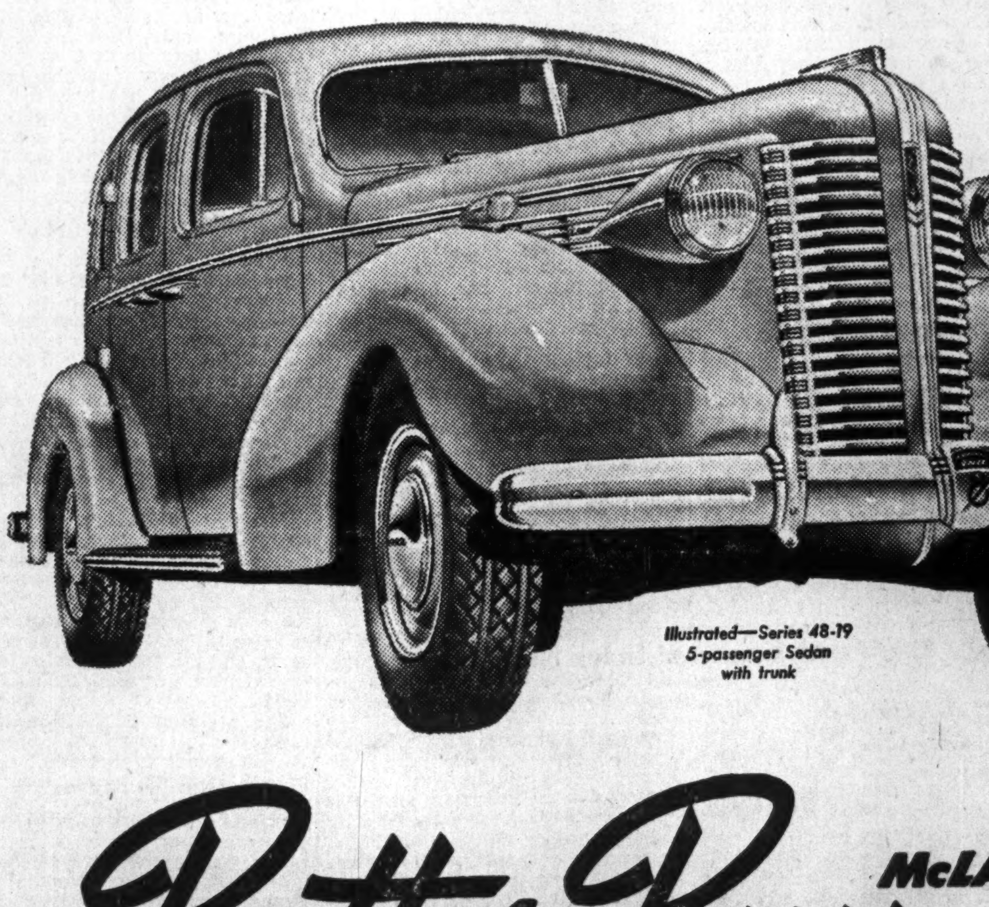

Illustrated—Series 48-19 5-passenger Sedan with trunk

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First, the amazing power—acceleration—quiet and smoothness—of the new DYNAFLASH Valve-in-Head Straight Eight Engine. Sitting there in the driver's seat, you'll know why we call it the most advanced engine in the world!

Second . . . you'll thrill to the new ride-sensation—TORQUE-FREE Springing! Soft, shock-smothering *coil* springs now replace the old leaf-type rear springs. You enjoy unmatched floating comfort. Skid risks are greatly reduced. The car is safer and easier to handle. You get more mileage from tires.

Both these standout engineering triumphs of 1938 are yours *only* in the new McLaughlin-Buick . . . which tells you how important it is to see and drive this car before you buy.

PRICED FROM $1278 — 4-Pass. Sport Coupe (with Opera Seats)
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SHOPS IN PRINCIPAL CANADIAN CITIES

**Investment Trends**

# Time Element Brings Trend Change Nearer

## Averages Continue to Confuse But Reversal of Down Trend Not Demonstrated — Company Act Parley Starts

Market analysts interpret the renewal of weakness in industrial stocks as a test of underlying support, and one which may give clues to the probable trend of prices over some months ahead. The past week's slump is not regarded as a definite sign that there will be further pronounced decline. It is accepted as a normal set-back after the rebound from the low levels reached in October.

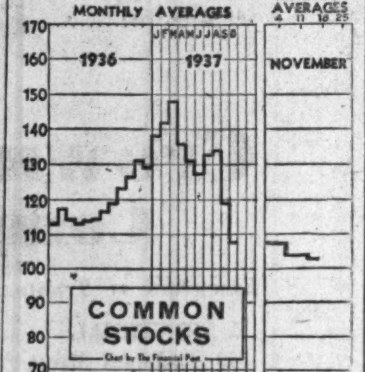
The declining price trend has been under way for more than eight months. While there is no satisfactory indication that there is soon to be a reversal in the trend, the time element seems to merit some consideration. There were 24 months from 1935 to 1937 when stock prices advanced without serious interruption. Now there have been eight months of declining prices. Just as the rise ran into an interruption, there is the expectation that sooner or later the decline will halt.

The month-to-month trend of prices continues to be labelled as downward by chart readers until the stock market itself gives evidence of a turn in the tide. It may take some weeks yet to judge whether the forces of the decline have exhausted themselves. The latest sinking spell confirms the view that the conservative investor can still afford to await more satisfactory conditions before making substantial commitments.

*Uniform Company Laws*

Officials representing eight of the nine Canadian provinces, British Columbia being the only absentee, are meeting with Dominion representatives at Ottawa this week in an effort to reach an agreement which will give uniform company laws. Successful completion of matters to be discussed by the latest conference will still have 10 company acts but the terms of the Dominion and provincial acts will be identical. This would replace the widely varying provisions now in effect.

At present we have the Dominion and the provinces dividing the responsibility for company regulation. Now an attempt is being made to bring this divided jurisdiction into an agreement on methods and principles. Success to this move should mean that the investor in shares of a company operating under provincial authority will be in a position to know as much about his investment as does the investor in a Dominion company.




*Fewer Sales—Sharper Drops*

In the 64 trading days, Aug. 16 to Oct. 30, the Dow-Jones industrial average declined 27%, according to the New York Stock Exchange Bulletin. Compared with declines that have taken place in eight recognized bear market periods of 64 days, the 1937 decline is only exceeded in severity by that taking place from Sept. 4 to Nov. 25, 1929.

"Although the 1929 and 1937 declines were comparably pronounced," concludes the Bulletin, "it is noteworthy that the volume of transactions in the recent period was less than a third of that which occurred in the 1929 period." Each bear market since 1917 has seen the percentage of price change per unit of volume of transactions rise. In the 1929 period, for example, there was on the average a 4.36% change in price for each 1% of listed shares sold. In 1917 the percentage of price change per unit of volume was 1.95% and this percentage has steadily increased until, in the recent decline, it was 12.54%.

*Undistributed Profits Tax*

When Jesse H. Jones, chairman of the Reconstruction Finance Corp. and one of the chief financial advisers of the Washington administration, gives his belief that the undistributed corporate earnings tax law will be changed, some action along this line seems to come considerably closer. Mr. Jones suggests that the change, if and when made, will likely be effective as from Jan. 1, 1937, even although not enacted until the regular 1938 session of Congress is well under way.

Chairman O'Connor of the House Ways and Means Committee also stated recently that he was going to do all in his power to have the capital gains and undistributed corporate earnings taxes revised. It will be a subcommittee of this committee that will draft the new revenue act.

Relief from this tax will probably be given mostly to smaller companies where surplus earnings are greatly needed for capital purposes, as these concerns find great difficulty in raising new capital. No definite word has yet been received that changes in the undistributed profits tax will be made nor what form they may take, but any action along this line should have an important psychological effect on the stock market and on business in the United States.

*Capital Gains Tax*

Another measure which has received much condemnation from those interested in the stock markets is the U.S. capital gains tax. Reports from Washington indicate that the revision adopted by the tax subcommittee of the House Ways and Means Committee would give important concessions to investors.

Estimates of what reported change in the capital gains tax would cost the Government range around $19 millions. The treasury department holds that this loss of revenue must be made up somewhere else so that the chances for a lower U.S. tax bill do not look any too promising.

As a possible source of the new revenue, reports indicate that the present field of tax exempt securities may be tapped. This would include municipal and state bond issues.

## Investment Notes

**Niagara Wire Weaving**—Sales during the first half of the current fiscal year ending Sept. 30 were on a better scale than for the like period last year. However, expectations are that revenues will be off somewhat in the last half of the year owing to the reduced scale of operations in the newsprint industry, but net results for the full year should be much the same as in 1936-37.

* * *

**Newsprint Values**—Stock and bond markets now place a valuation on the Canadian newsprint securities at about $25,000 per ton of daily capacity. This compares with a peak market valuation last March of about $44,000, a figure approximating replacement cost.

* * *

**Imperial Tobacco**—Current operations of Imperial Tobacco apparently are on a satisfactory scale, judging by the Government's figures of the number of cigarettes released for consumption during October. In that month there was an increase of 27 million cigarettes released as compared with the previous month. Imperial Tobacco handles about 70% of the tobacco sales in Canada.

* * *

**Newsprint**—Commenting upon the outlook for the industry, R. O. Sweezey and Co. in a current bulletin says advertising lineage in the United States improved in September, but advance figures for October indicate that the trend is turning downward. Advertising for the balance of the year may be less than during the last quarter of 1936. Consumption during the coming months will depend on the extent and severity of the present business recession.

* * *

**International Paper & Power**—R. A. Daly & Co., Toronto investment firm, suggest that the company's 5% preferred stock offers interesting possibilities. They estimate earnings at the rate of at least $10 a share for 1937. Based on $50 a ton newsprint for 1938 operations and on near capacity, they estimate that 1938 earnings will be in excess of those for 1937 and may range as high as $24 a share. They suggest that it may be presumably expected that holders will obtain regular dividends of $5 plus arrears of the same amount in the next 12 months.

* * *

**Rogers-Majestic**—Sales and earnings from April 1, 1937, to date are understood to have shown improvement over the corresponding period of the 1936 fiscal year. The critical period in this industry is usually from the middle of December to the end of March. Normally this is not a good period, but for the past several years there has been a fairly satisfactory volume of business during the winter months. General business conditions are somewhat uncertain at present, however, making it particularly difficult to judge whether the experience of the past few years will be repeated this year.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# Brazil Suspends Bond Payments

## Will Negotiate With Bondholders in Order to Reach Settlement

Foreign holders of Brazil bonds will receive formal notice in the near future of temporary suspension of service on their bonds. The suspension affects not only issues of the Federal Government, but also foreign loans of 15 state governments and 17 cities.

The suspension is only temporary and resumption of payment will probably depend upon the length of time it takes the Government and representatives of bondholders to reach agreement as to the ability of the Government to service its debt. Finance Minister Arthur de Souza Costa has been commissioned by the Government to open negotiations with foreign holders of Brazil bonds. It should be noted that negotiations with the Foreign Bondholders' Protective Council were carried out in New York a few months ago, with view to revision of the Aranha scheme which was to end in March, 1938. However, no agreement was reached.

## *Alberta Debt Shows A Slight Decrease Cash, Investments Drop*

(Continued from page 1)

count was due to higher revenues and to reduction in interest charges as a result of the Government action in cutting the interest rate on its bonds. The same explanation applies to the improvement in the income statement of the Alberta Government telephones.

Ordinary revenue for the year amounted to $20.7 millions as compared with $16.5 millions in 1935-36. At the same time debt charges were cut by $2.8 millions on Government account. Lower interest charges account for $2.1 millions of this and deferment of sinking funds for $700,000.

**Income Account**
**Years Ended March 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Oper. surplus | 7,156,424 | 5,687,769 |
| Less Debt Charges: | | |
| Interest | 4,457,195 | 6,630,490 |
| Sinking fund | 3,252 | 708,077 |
| Surplus before relief | 2,695,977 | 1,650,798 |
| Less: Relief costs | 2,618,124 | ▲...... |
| Telephone deficit | ...... | 288,797 |
| Surplus | 77,853 | 1,939,595 |

▲In this year unemployment relief was capitalized.

**Capital Account**
**Year Ended March 31, 1937**

| | |
|---|---|
| Expenditure: | |
| Highways, public works | $1,459,998 |
| Recoverable advances: | |
| Agriculture relief | 1,160,277 |
| Other advances | 1,363,583 |
| Redemp. s. certificates | 1,139,141 |
| Misc. items | 253,670 |
| | 5,376,669 |
| Capital receipts: | |
| Loans repaid | 1,768,939 |
| Proceeds treas. bills | 1,460,748 |
| Sale of invests. | 729,484 |
| Federal govt. grants | 339,956 |
| Prosperity certificates | 30,058 |
| Loan from income acct. | *7,056 |
| Miscellaneous | 556,666 |
| | 4,892,907 |
| Excess of expenditure | 483,762 |
| Accounted for by: | |
| Decrease in cash | 972,007 |
| Less: Decline in accts. payable | 488,245 |
| | 483,762 |

* Advances from income account made up of income surplus of $77,853 less reduction of accounts payable of $70,796.

**Alberta Government Telephones**
**Years Ended March 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Oper. revenue | 2,339,582 | 2,299,853 |
| Add: Sundry earnings | 73,418 | 72,362 |
| | 2,413,000 | 2,372,215 |
| Less: Oper. exps. | 1,034,142 | 1,017,195 |
| Interest | 855,318 | 1,432,039 |
| Other changes | 31,294 | 71,927 |
| Sinking fund | 124,432 | 139,851 |
| Bad debts & res. | 367,814 | ...... |
| Deficit | none | 288,797 |

**Cash Is Reduced**

Examination of the balance sheet shows that the liquid position of the Government was weakened during the year, cash and investment showing a reduction from $3.2 millions to $1.8 million. The decrease in cash in the general fund was $972,007 which is offset in part by a decrease in capital accounts payable of $488,762. Net proceeds from the sale of investments during the year were $792,000.

Of $1,460,748 received from the sale of treasury bills during the year, $1,010,748 was obtained from the Dominion Government and $450,000 from the provincial sinking fund.

**Public Debt**
**As at March 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Funded debt | 154,866,758 | 153,567,010 |
| Less: Sinking fund | 11,399,554 | 10,626,979 |
| Net funded debt | 143,467,203 | 142,941,031 |
| Unfunded debt | 17,051,783 | 18,413,755 |
| Less: Cash & invests. | 1,808,045 | 3,273,435 |
| Net unfunded debt | 15,243,738 | 15,140,319 |
| Net guarantees | 7,795,618 | 8,554,345 |
| Total net debt | 166,526,559 | 166,635,696 |

# New Brunswick Woods Operations Are Curtailed

MONTREAL.—Present indications are that lumber and pulpwood operations in New Brunswick this winter will be curtailed 30% as compared to the cut of the past season. The estimate is based on the shipping rates of lumber and pulpwood, the falling off in the demand for sawn lumber, and the general slowing down of production in the pulp and paper industry.

# Inter. Hydro Profit Higher

## Subsidiaries Improve Position But Parent Company Falling Behind

From Our Own Correspondent

MONTREAL. — International Hydro Electric System's consolidated profit and loss statement for the quarter ended Sept. 30 last shows an appreciable improvement in the company's position.

During the three months period the system's consolidated revenue was over $16.1 millions, as against about $15.6 millions for the same quarter in 1936. After payment of all charges there was a consolidated net profit of $139,782, as against a loss of $330,617 a year ago, or an aggregate improvement of $470,399.

**Parent Firm Losing**

In his report to the shareholders, Irwin L. Moore, president, emphasizes that the figures reported are on consolidated basis and should not be confused with the income of International Hydro Electric System as a separate entity.

The System as a separate entity is currently receiving no income either from Gatineau Power or from New England Power Association. During the 12 months ended Sept. 30, 1937, its net cash receipts from subsidiaries amounted to only $418,483 as against requirements of $1,762,932 for expenses and interest. To date the balance of these requirements has been met out of cash on hand in the System's treasury. At the end of October the System's cash resources amounted to about $1.4 million.

**Convert Loss to Profit**

Returns for the quarter ended Sept. 30, 1937 and 1936, follow:

**Statement of Consolidated Profit and Loss**
**Quarter Ended September 30**

| | 1937 $ | 1936 $ |
|---|---|---|
| Operating revenue | 15,368,706 | 14,898,667 |
| Other income—net | 816,405 | 693,562 |
| Total revenue | 16,185,111 | 15,592,229 |
| Expenses: | | |
| Oper. exps. | 5,727,547 | 5,453,998 |
| Maintenance | 1,001,482 | 1,002,767 |
| Taxes | 1,877,124 | 1,782,336 |
| | 7,578,958 | 7,353,128 |
| Deductions: | | |
| Int. on fd. debt | 2,901,996 | 3,153,157 |
| Int. on debs. | 398,520 | 398,520 |
| Debt discount | 240,703 | 228,861 |
| Deprec. charged | 1,237,276 | 1,228,536 |
| Income taxes | 454,603 | 316,967 |
| Divs. pd. on subs. | 1,884,957 | 1,553,563 |
| Divs. not paid | 72,170 | 586,575 |
| Minority int. | 242,951 | 217,567 |
| Other chgs. | 6,000 | ...... |
| Cons. net profit | 139,782 | *330,617 |

*Loss.

**Show Good Gain**

Consolidated profit and loss for the year ended September 30, 1937, shows a total revenue of $66.5 millions, as against $64.1 millions in the previous year. Net revenue available for interest, depreciation, etc., amounted to $34.2 millions for the past 12 months, as against $32.5 millions the year before.

Cumulative returns show that on a 12 months' basis there was a consolidated net profit of nearly $2.6 millions, as against $499,060 for the year ended Sept. 30, 1936.

Details of the consolidated statement on profit and loss for the year ended September 30, 1936, follow:

**Statement of Consolidated Profit and Loss**
**Year Ended September 30**

| | 1937 $ | 1936 $ |
|---|---|---|
| Oper. rev. | 63,342,959 | 60,951,178 |
| Other income—net | 3,195,227 | 3,184,409 |
| Total revenue | 66,538,186 | 64,135,587 |
| Expenses: | | |
| Oper. exps. | 20,953,181 | 20,574,444 |
| Maintenance | 3,805,002 | 3,960,805 |
| Taxes | 7,592,577 | 7,104,776 |
| | 34,187,426 | 32,495,562 |
| Deductions: | | |
| Int. on fd. debt | 11,573,240 | 12,849,098 |
| Int. on debs. | 1,594,080 | 1,594,089 |
| Debt disc. & exp. | 957,914 | 915,828 |
| Depreciation | 5,516,335 | 5,392,464 |
| Income taxes | 1,997,947 | 1,585,251 |
| Undis'd profits tax. | 3,586 | ...... |
| Divs. pd. on subs. | 7,609,350 | 6,405,712 |
| Divs. not paid | 402,070 | 2,154,929 |
| Minority interest | 1,497,420 | 1,099,133 |
| Other charges | 443,498 | ...... |
| Cons. net profit | 2,591,986 | 499,060 |

# International Utilities Merged With Subsidiary

Merger of American Equities Co. with the parent company, International Utilities Corp., has been approved by shareholders of the latter company at the special meeting on Nov. 12. Under the plan the minority shareholders will receive one-half share of class B stock, one-tenth share of $3.50 prior preferred stock of International Utilities and 50 cents in cash. Ralph Elsman and F. W. Seymour have been added to the board of directors of International Utilities Corp.

Meeting of shareholders of American Equities Co., originally scheduled for Nov. 18 to vote on the proposed merger, has been postponed for two weeks.

# Dosco Rail-shipped Coal Sets Record This Year

From Our Own Correspondent

MONTREAL. — Orders for rail-shipped coal have been received from more than 45 Ontario and Quebec firms, according to officials of Dominion Steel & Coal Corp.

With orders on hand totalling 230,000 tons, officials said rail shipments this year would far exceed those of any previous year.

## Significant Investors' Index Numbers

1926 = 100

| No. of Securities | Mach. and equip 8 | Pulp and paper 6 | Milling 4 | Oils 4 | Textiles and clothing 10 | Food and allied prod. 13 | Beverages 7 | Bldg. mater. 14 | Power and traction 15 | Banks 9 | Total utilities 19 | Total co's 96 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1929-36:* | | | | | | | | | | | | |
| High | 432.5 | 113.4 | 273.4 | 423.5 | 113.5 | 197.8 | 205.4 | 281.1 | 197.6 | 131.7 | 166.0 | 198.3 |
| Low | 39.2 | 3.0 | 37.7 | 87.7 | 30.8 | 78.8 | 33.8 | 44.3 | 47.1 | 63.1 | 36.9 | 43.3 |
| 1937: | | | | | | | | | | | | |
| Jan. | 156.3 | 37.2 | 119.6 | 229.6 | 77.3 | 184.2 | 141.0 | 197.0 | 91.1 | 94.4 | 68.5 | 137.4 |
| Feb. | 163.4 | 36.7 | 120.7 | 235.2 | 78.5 | 188.2 | 139.3 | 203.5 | 97.5 | 96.7 | 73.1 | 142.4 |
| Mar. | 168.3 | 40.2 | 127.0 | 247.7 | 80.2 | 190.0 | 141.8 | 213.4 | 94.7 | 95.9 | 71.0 | 147.2 |
| Apr. | 157.5 | 47.1 | 117.4 | 230.4 | 79.9 | 182.4 | 133.4 | 204.8 | 85.1 | 94.0 | 64.1 | 136.2 |
| May | 151.3 | 38.5 | 109.4 | 229.6 | 77.5 | 178.5 | 128.4 | 188.4 | 84.0 | 92.7 | 63.0 | 132.2 |
| June | 148.1 | 38.2 | 103.7 | 220.2 | 77.7 | 177.7 | 131.0 | 179.6 | 84.1 | 92.3 | 63.2 | 129.4 |
| July | 148.0 | 40.5 | 102.0 | 222.6 | 79.7 | 182.1 | 136.1 | 188.7 | 88.0 | 90.2 | 63.9 | 133.0 |
| Aug. | 151.2 | 40.4 | 95.2 | 223.6 | 79.5 | 182.0 | 136.9 | 192.7 | 90.4 | 89.9 | 65.2 | 135.2 |
| Sept. | 122.8 | 29.3 | 89.1 | 205.3 | 73.3 | 167.9 | 118.3 | 159.4 | 78.6 | 84.9 | 57.4 | 118.9 |
| Oct. | 104.3 | 22.5 | 69.9 | 192.0 | 68.0 | 154.1 | 105.6 | 132.5 | 70.7 | 81.4 | 51.7 | 106.8 |
| Weekly Figures, 1937: | | | | | | | | | | | | |
| Nov. 4 | 109.5 | 23.0 | 78.2 | 196.5 | 69.1 | 158.0 | 114.2 | 138.3 | 72.9 | 80.4 | 52.9 | 108.9 |
| Nov. 11 | 105.7 | 21.1 | 78.3 | 192.9 | 68.9 | 155.7 | 118.2 | 131.8 | 71.0 | 80.0 | 51.6 | 104.6 |
| Nov. 18 | 107.3 | 21.2 | 77.6 | 195.8 | 68.1 | 155.6 | 118.6 | 131.1 | 66.6 | 78.9 | 49.4 | 104.5 |

*High and low for years from 1929 to 1936 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

**Toronto Stock Exchange Index**

| | 20 Indus. | 20 Golds | 20 Misc. Mines |
|---|---|---|---|
| Nov. 23 | 115.86 | 115.13 | 105.86 |
| Nov. 22 | 116.63 | 115.57 | 106.46 |
| Nov. 20 | 118.72 | 116.01 | 107.95 |
| Nov. 19 | 119.14 | 116.24 | 108.23 |
| Nov. 18 | 122.95 | 118.03 | 110.58 |
| Nov. 17 | 123.28 | 118.63 | 112.08 |
| Month ago | 124.00 | 106.85 | 110.65 |
| Year ago | 158.49 | 145.52 | 178.45 |
| High, 1937 | 187.67 | 168.59 | 215.36 |
| Low, 1937 | 110.63 | 96.27 | 97.01 |

**Montreal Averages**

| | 10 Util. | 20 Indus. | 30 Comb'd |
|---|---|---|---|
| Nov. 23 | 65.0 | 71.4 | 69.2 |
| Nov. 22 | 64.7 | 70.8 | 68.8 |
| Nov. 20 | 65.4 | 62.3 | 70.0 |
| Nov. 19 | 67.8 | 72.4 | 70.9 |
| Nov. 18 | 68.4 | 74.3 | 72.4 |
| Nov. 17 | 68.7 | 75.1 | 73.0 |
| Month ago | 69.2 | 75.4 | 73.3 |
| Year ago | 79.0 | 96.3 | 90.6 |
| High, 1937 | 92.5 | 122.3 | 109.5 |
| Low, 1937 | 64.0 | 61.4 | 62.3 |

# Dom. Bakeries Loss Smaller

## Net Rentals Insufficient for Depreciation Charges

A loss of $19,477 is shown by Dominion Bakeries Ltd. in its annual report for the year ended Aug. 31, 1937, compared with $22,389 in the previous period. It is stated that rental revenue received was slightly higher, while expenses were somewhat lower. Total deficit is increased to $717,395.

The company owns bakeries at various points in Ontario, but does not carry on any baking operations, renting its properties to other companies. Comparative figures for the year follow:

**Income and Surplus Account**
**Years Ended Aug. 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Net earnings | 4,154 | 2,568 |
| Less: Depreciation | 22,473 | 22,595 |
| Loss on sale of equip. | 1,157 | 2,362 |
| Net loss | 19,477 | 22,389 |
| Add: Previous deficit | 697,919 | 675,530 |
| Deficit forward | 717,396 | 697,919 |

**Working Capital**
**As at Aug. 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Current assets | 1,920 | 1,344 |
| Current liabilities | 250,372 | 252,182 |
| Excess of current liabs. over current assets | 248,452 | 250,838 |

## *Dosco Units Kept Working at Capacity Revenues Are Boosted*

(Continued from page 1)

next spring. No definite arrangements have been on export business for 1938 but there is no reason at this time for expecting any material scaling down of shipments, especially to Germany.

It is still a little early to make any definite forecast as to what earnings Dosco will show for 1937. Since 1932 when gross profits touched the low point of $112,987 there has been a steady improvement in earnings. Last year combined profits amounted to $1,460,026. Put in another way, the deficit on the class B stock was reduced from $1.39 a share in 1932 to a deficit of two cents a share in 1936.

For the current year unofficial estimates as to what the company will earn on the B stock run all the way from $1 to $2.50 a share. The latter may be too high, or the former too low, but in any event the company will cover its bond interest by a wide margin. This in itself would indicate a marked improvement in earnings, for not only has the company paid the regular interest on the 6¼% income bonds, but on September 1 last paid off the accumulated arrears amounting to 8¼%.

**Joins N. B. Telephone**

From Our Own Correspondent

MONTREAL.—A. D. Ganong, St. Stephen, has been elected a director of New Brunswick Telephone Co., replacing the late N. Marks Mill, K.C., also of St. Stephen.

# Annual Report Now Required

## Exchange Regulations Compel Companies to Publish Reports

The Toronto Stock Exchange recently placed in effect a regulation requiring all companies whose securities are listed on the exchange to send to each shareholder, at least once a year, a report containing a balance sheet and income account and a record of activities during the period.

This move, which has been sponsored by A. J. Trebilcock, executive secretary of the exchange, is directed at those companies which have not made a practice of sending regular reports to shareholders. The financial statements in the report must be certified by a chartered accountant, a public accountant or a certified accountant, or failing this must be signed by two directors. The regulation applies to both the curb and the exchange.

**De-listing Penalty**

Penalty for failure to comply with the regulation will be removal from the trading privileges of the exchange.

The Toronto Stock Exchange regularly on June 1 of each year makes a check of all companies listed to see that they have complied with the exchange's regulations. Those found not to have lived up to the rules are notified at once and given a reasonable time to remedy their fault. Failing this the exchange enforces the penalty.

In so far as the new regulation requiring the publishing of regular annual reports is concerned, a policy is to be followed which will encourage the issuance of these reports within four months of the close of the latest fiscal year. Companies will be given a fair opportunity to comply with the rules for the 1937 year but a complete check will be made on June 1, 1938.

**Ontario Companies Lax**

The new exchange ruling will apply particularly to companies holding provincial charters, as the Dominion Companies Act already contains this requirement. Ontario companies, for example, are only required to pass a resolution and the balance sheet and other financial statements need not be sent to shareholders at all but merely tabled at the annual meeting. Many annual meetings are held at out-of-the-way places and the result is that few shareholders of such companies ever see the annual reports.

It is understood that only about 25 mining companies have not issued annual reports at some time in the year ending June 1, 1937. These companies at once come under the regulation and may be de-listed if reports are not published.

*The Voice of the Maritimes*

# Jobless and Insurance

By HERBERT L. STEWART

## Effort in Maritimes To Apply Brain to Benevolence

It is good news to the Maritime Provinces that there is readiness at Ottawa to take up the project of unemployment insurance without waiting for the report on Dominion-Provincial relationship. Five out of the nine provinces have been quick to agree; but we are still by no means certain of the unanimity so important for a proposal to amend the British North America Act. As these lines are being written, of the Maritimes only Prince Edward Island has, through its Government, signified approval. Speaking for the province in which I live, I should say that the public approval is already abundant. Nova Scotians will be amazed indeed if any official obstacle is here placed in the way. The reason, too, is obvious.

H. L. STEWART

*Maritimes Suffered Less*

Admittedly the Maritime Provinces suffered less in the Great Depression than other parts of Canada. In industry they had not risen so high, and hence had not so far to fall. But their situation, though not so bad as that of others, has been and is much too bad for the awakened public conscience to endure; and if we are less tolerant of it than our predecessors were of like evils, this is a sign socially encouraging.

Just now in Halifax, every day, scores of young men may be seen in a crowd round the area on which a site is being excavated for an automobile service station. They are there on the chance of being hired, at 25 or 30 cents an hour, to shovel earth, and for this possibility, however remote, they keep their tireless vigil.

The press of Saint John lately estimated that there are more than 100 young men in that city, ranging in age from 18 to 30, eager but unable to find employment of any sort, and organizing to represent to the authorities the need for relief camps. In the Speech from the Throne at last opening of the New Brunswick Legislature occurred this wholesome but ominous statement:

"Faced with the demoralizing condition created during the past years by the dole system, my Government early recognized that it must apply with courage every effort to provide work and wages in order that the initiative, enterprise and self-reliance of the people might be restored."

New Brunswick boasts that there only, in Canada, as yet, has a government's courage risked abolition of "the dole," and State enterprise substituted an ambitious programme of provincial employment. This has been done with full knowledge of the difficulties. Walter Runciman had a similar answer in England, when asked about starting public works for the unemployed: "His Majesty's Government, after due trial, has discarded that method as both costly and inefficient."

But in the last few years certain other discoveries about the alternative to relief by public works have been appreciated with growing clarity, and—whatever the Government in Great Britain may prefer—those who serve the same sovereign in Fredericton have decided to pay for service rather than to pay for idleness.

*Survey in Nova Scotia*

If New Brunswick has been a pioneer in one field of such enquiry, Nova Scotia has been breaking new ground in another. Just a year ago the representatives of nearly all its municipalities in which relief was being paid met together in conference. They were joined by the relief officers of the Provincial Government, and by the acknowledged leaders of social work in Nova Scotia. It was a meeting to consider to what point this business of unemployment had passed, and whither it was going to drift; a rational survey leading to a rational forecast might suggest something to do.

Invoking the services of the new Dalhousie University Institute of Public Affairs, they decided upon an exact investigation of that part of relief which is extended to persons below 25 years of age. Four hundred and fifty-two young men and women, recipients of such help, were invited to attend for examination; 273 complied, and some startling results were brought to light.

The Institute of Public Affairs reported that, so far as could be discovered, the plea "They don't want work, but only the dole" had very little application to that group. "They were willing to work," says the report, "and looking eagerly for jobs." But not so many as one-half of the unemployed young men had reached even grade VII at school. More than 10% had not passed beyond grade IV. The great majority of them had never been employed in any real sense of the word. Either "Laborer" or "No particular occupation" was the most frequent answer to the enquiry about what had been their work when they had it; a considerable proportion could not even remember what they had ever done for pay.

Of 109 young men between the ages of 21 and 25, no fewer than 82 were married; as they had been on relief for quite a long time, this must have been their expected means of family support. According to persistent rumor, employment has even been given up in order that the somewhat better provision made by "the dole" may facilitate a marriage!

It is this state of progressive public demoralization that seems to call for remedial measures on a plan better than systematized alms-giving. The Institute of Public Affairs urged for Nova Scotia the provision of training facilities which would enable such young people, under handicap from an ill-guided childhood, to compete with some prospect in the labor market. "Classifications made at the end of the interviews show that out of 202 boys, 56 are very suitable, 110 suitable, and 36 unsuitable for training."

*Effort to Solve Problem*

These two projects, that of public works in New Brunswick and that of adult training schools in Nova Scotia, indicate that in the Maritimes an effort is being made to apply brain to benevolence. But we don't need to be told that the odds are heavily against us.

They are still disputing in Russia about whether Socialism can be achieved in a single country. Whatever we may think about that, it seems plain that the control of unemployment can never be successful in a single Canadian province planning its economy alone. The hazards and hardships of modern industry will from time to time, and on a vast scale, defeat the most sagacious preparation. Does our age need to be told that insurance is the one refuge from perils such as these for the average workman? Or that the wider the contributory area, the lower is the cost and the surer the safeguard of insurance? That "appeal from individual caprice to collective uniformity," which we all know so well and employ so eagerly in another reference, has special force for the industries of these provinces by the sea, with a population relatively sparse and risks relatively high.

Four years ago, while he was still Chancellor of the Exchequer, Mr. Neville Chamberlain said in the House of Commons that unemployment in Great Britain could not be brought under effective control for another 10 years. Quick as a flash came the retort from Mr. Winston Churchill, that long before 10 years had passed, the British people would make an end of any government so slow as that.

Next week, of course, cartoonists were busy. The New Clarion showed a Chain Gang of worn toilers, cheering one another up a rugged path with the reflection "Only 10 more years!" The Evening Standard had a picture of two callers at the Chancellor's door — a prosperous looking gentleman whom the butler bids come in, with the assurance that Mr. Chamberlain will see him in 10 minutes, and another, looking far from prosperous, one of the vagrant unemployed, whom the same official admonishes "And you, my man, in 10 years."

Worst of all, perhaps, was the artistry of the Daily Herald, presenting a shipwreck, and John Bull eager to send out a lifeboat, but dissuaded by the captain: "Alas, Mr. Bull, lifeboats are but palliatives. Let us think deeper; let us think truer; let us think about controlling the inclemency of the weather which has caused the misfortune."

In Canada the present project is more modest; not to control the weather, but just to take co-operative insurance against industrial weather risks.


*New Issue*

**Province of New Brunswick**
**4% Bonds, due November 15th, 1947**

Payable Canada and New York.
Denominations: $1,000 and $500.

**Price: 99.75 and accrued interest, to yield 4.03%**

New Brunswick's wealth is based on its natural resources, including forest areas, farm lands, water powers and coal deposits.

Proceeds of this issue will be used largely for roads, which it is anticipated, will considerably stimulate tourist traffic.

Descriptive circular will be forwarded upon request.

**Wood, Gundy & Company Limited**
36 King Street West, Toronto
TELEPHONE: ELgin 4321


# United Steel Shipments Up

## Development of New Products Shown in Latest Catalogue

United Steel Corp. reports that shipments for the last quarter of 1937 are holding up at a steady rate. The company reported a 50% increase in shipments for the first six months of 1937 and it is apparent that this improvement has carried throughout the balance of the year.

Increases during 1937 should be maintained next year, according to company officials basing the prediction on activities in the mining field and pulp and paper developments proposed for the new year.

**New Equipment**

The company recently issued complete catalogue of conveying and elevating equipment, power transmission machinery and allied lines made by the company's Dodge Manufacturing division. This 500-page catalogue lists many new and improved products which probably do much to show the reasons for the company's progress this year.

Conveying equipment has received special attention in the company's line of "Dodge" machinery. Arrangements have been made for the manufacture of "Edge Moor" water tube boilers and a line of hydraulic presses particularly adaptable to the rubber industry.

# Traymore Restaurants Passes Bond Interest

MONTREAL — Traymore Restaurants & Catering Ltd. passed the Nov. coupon on its 5% first mortgage bonds.

It is anticipated that a statement will be sent out some time toward the end of this week, outlining the current position. Unofficially it is understood that the company has been operating at a loss up to the beginning of last October, while the working capital position is such that it is inadvisable to continue payment on the bonds until arrangements have been made for further capital or the current liabilities reduced through operating revenues.


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**The Marlborough**
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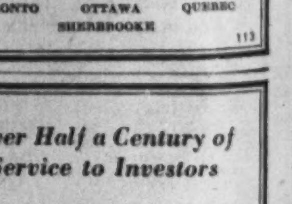
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## Bond Markets

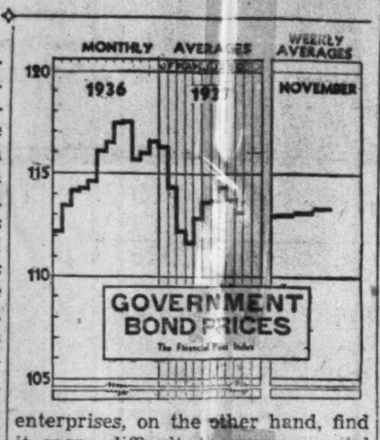
# Prospect for Firm Bond Prices Continues

### More Provincial Financing Expected — Long-term Interest Rates Related to Population Age Groups

November has seen the market for new issues of high-grade government bonds tested with four borrowers offering bonds totalling about $134.2 millions. The general reception has been extremely favorable and the speed with which this substantial amount of bond financing has been carried out seems to indicate prospects for a continuance of a firm market for high-grade bonds for some time. Some bond men see present conditions in the bond market as likely to continue with little prospect of yields on bonds of this calibre becoming much higher.

Only a few minutes were needed to secure an oversubscription of the $25 millions Ontario loan last Wednesday and it is understood that demand from individual investors was excellent. The books on the $6.5 millions New Brunswick loan have also been closed, with an oversubscription. A frank statement of policy by Premier Dysart had much to do with this. It is expected that a $25 millions Quebec loan will be offered very soon, to be followed by a Nova Scotia issue.

The prospects for continuing levels of bond prices around present quotations lend value to the discussion of long-term trends in interest rates which follows.




*Average Age Rises*

A prominent consulting economist at Washington advances an interesting theory governing long-term trends in interest rates. He sees a definite relationship between the general rate of national growth in a country and the cost of capital. This is not so much as it concerns capital for operating purposes and short term as over the longer cycles where a dependable annual income is sought and assurances are present that a dependable market for goods and services rendered by the borrowing concern may be expected.

The proportion of adult population in the industrial countries of Europe and North America is constantly increasing, according to this authority. In 1920 about one-sixth of the population of the United States was 50 years of age, and by 1930 this was approximately one-fifth and in 1940, according to actuarial calculations, about one fourth of the population will be 50 years old, or over. Income of individuals in the older aged groups may be high, but it is not spent in such a way as to encourage new enterprises or a growth of the actual capital assets of a country. On the other hand, a population which consists largely of younger groups does not place such emphasis on luxury goods, but has to make constantly recurring and increasing purchases of articles of clothing, food, provision for extended shelter and provision for savings.

* * *

*Living on Capital*

Spending in these older civilizations, says this authority, has come to a higher level than accumulations of capital. In other words they are living off their capital and a portion of the income which is being spent cannot be replaced.

Confirmation of this portion of the theory is found in the results of a recently published analysis of Great Britain's balance of international payments. This shows that foreign debtors have been repaying debts which they owe to Great Britain at a faster rate than they have been borrowing from the same source. The balance of payments has been taken into the national income and used as other current income would be used, but it is actually a return of capital being spent on ordinary expenses.

* * *

*Growth and Interest Rates*

As a result of this trend in population and age changes it is felt that interest rates are high when countries are growing rapidly, tend to fall as they come to an advanced stage and after the bulk of the population finds itself in the fifth decade of life or older, the basic trend of interest rates is downward. Large enterprises furnishing important services or great volumes of goods are already established and there are only periodical replacements of their equipment. Newer enterprises, on the other hand, find it more difficult to secure capital because of the relatively more attractive returns for money that is used in satisfying direct consumer demands.

An enterprise which would justify starting in competition with an old established private enterprise would probably involve such a risk that the state itself would be the only agency capable of assuming responsibility. The circle of consumption can go on steadily expanding for a period, but the possibility for this expansion disappears within 10 to 20 years unless foreign markets can be obtained. This economist, therefore, sees a static condition developing wherever the economic condition of a country becomes firmly established.

* * *

*Periodic Disturbances*

He does not say that this will supersede periodic occurrences such as we have come through in the last depression, which would drive interest rates to high levels. He sees such a period beginning at this time and feels that over the next few years, perhaps the next six to twelve-year period, that interest rates in the western hemisphere will reveal an upward tendency whenever money markets are free from government manipulation and domination long enough to reveal accurately the underlying trend. This, he says, is because of the frequently noted fact that governments have repudiated their obligations and compeled their citizens to do likewise in the name of "the public interest."

* * *

*Bond Index*

Trend of prices for high-grade bonds has been firm and slightly upward over the past week as shown by the table which follows.

**Average Price and Yield For Seven High-Grade Government Bonds**

| 1937 | Price $ | Yield % | 1936 | Price $ | Yield % |
|---|---|---|---|---|---|
| Nov. 23 | 111.57 | 3.270 | Nov. 24 | 116.21 | 3.099 |
| Nov. 22 | 111.59 | 3.260 | Nov. 23 | 116.21 | 3.099 |
| Nov. 20 | 111.59 | 3.260 | Nov. 21 | 116.34 | 3.089 |
| Nov. 19 | 111.59 | 3.260 | Nov. 20 | 116.34 | 3.089 |
| Nov. 18 | 111.57 | 3.257 | Nov. 19 | 116.37 | 3.087 |
| Nov. 17 | 111.64 | 3.251 | Nov. 18 | 116.32 | 3.090 |
| Year's | 116.81 | 3.206 | Year's | 117.91 | 2.966 |
| Range | 111.60 | 3.505 | Range | 111.50 | 3.597 |

## Lower St. Lawrence Power Shows Higher Earnings

From Our Own Correspondent

MONTREAL.—Lower St. Lawrence Power Co. reports a further improvement in earnings during October, operating revenue totalling $25,965 as against $23,390 in the same month a year ago. After payment of all senior charges, the net profit on the capital stock totalled $5,170 as against $4,926 in October, 1936.

Cumulative returns for the ten months ended October last show an operating revenue of $239,778, an increase of over $17,000 compared with the same period in 1936. There was a reduction in interest charges, but an increase in the retirement reserve, leaving net profit for the period of $33,533, as against $27,083.

**Show Larger Net**

Comparative figures for October and the 10 months ended October, 1937 and 1936, follow:

**Lower St. Lawrence Power**

| October: | 1937 $ | 1936 $ |
|---|---|---|
| Operating income | 25,965 | 23,390 |
| Other income | 866 | 261 |
| Less: Expenses | 11,224 | 9,531 |
| Net income | 15,606 | 14,120 |
| Less: Interest charges | 6,235 | 6,194 |
| Retirements | 4,200 | 3,000 |
| Net profit | 5,170 | 4,926 |
| 10 Mos. end. October: | | |
| Operating income | 239,778 | 222,138 |
| Other income | 4,706 | 4,735 |
| Less: Expenses | 107,162 | 105,619 |
| Net income | 137,322 | 121,255 |
| Less: Interest charges | 60,950 | 63,873 |
| Retirements | 42,000 | 30,000 |
| Federal tax | ...... | 299 |
| Income tax | 839 | ...... |
| Net profit | 33,533 | 27,083 |

## Stock Exchange Bldg. Makes Extra Payment

The third interest payment to be made this year has been announced by Stock Exchange Building Corp., Vancouver, which will on Dec. 1, 1937, pay coupon No. 12, due Feb. 1, 1935. The payment involves $16,020.

The company has been experiencing much better business, and at Sept. 30, 1937 the building was 83% occupied. It is pointed out by the management, however, that the extra payment this year is due not to the improved earnings, but to the prepayment of a full year's rent by one of the larger tenants.

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## No New Taxation On Quebec Mines

From Our Own Correspondent

MONTREAL.—The mining industry in the Province of Quebec will not be burdened with further taxation, Premier Maurice Duplessis announced in a speech to the Montreal branch of the Canadian Institute of Mining and Metallurgy on Nov. 22.

"We do not intend to levy new taxes, for we believe the mining industry deserves and needs help," he said.

He also added: "Until such time as the industry is absolutely free and able to pay, no new taxes will be levied, and then only after we have had conferences with the interested parties. I think that for a number of years there will be no new taxes on mineral development."

## Brown Co. Plan Opposed

### Bondholders' Committee Is Negotiating on Mutual Agreement

From Our Own Correspondent

MONTREAL.—Important changes in the Brown Co. plan will have to be made in order to arrive at a plan acceptable to the bondholders and, meanwhile, the committee is negotiating with other interested groups upon an acceptable plan, according to a statement issued by the bondholders' protective committee.

The committee still regards the company plan as unsound and definitely not in the interest of the bondholders. It has a fundamental objection to the placing of large debt on the Brown Corp., the Canadian subsidiary. Further it questions the timeliness of a proposed expansion programme as part of a plan of reorganization, particularly when related to the proposed capital structure; the absence of adequate safeguards for sound management; the amount of reliance which can be prudently placed on future estimated earnings; the absence of any compensation for the sacrifice that bondholders are called upon to make under the company plan.

**Larger Deficit Possible**

Further the committee draws attention to the report of the new accountants, Barrow, Wade, Guthrie & Co., who recommend to the trustees important corrections in the Brown Co. balance sheet as at Nov. 28, 1936, (the last balance sheet) in order that it may conform to accepted accounting practice. The effect of these preliminary recommendations, says the committee will be to increase the deficit at that date by about $6 millions.

The committee ends its communication by again urging bondholders to take no action pending the outcome of the committee's negotiations with the other groups and further clarification of the situation.

Meanwhile H. J. Brown, president of the company, announces that 53.33% of the preferred stockholders have given assent to the projected reorganization.

The president further stated that assents were now needed "only from a minority of the bondholders to meet the statutory requirements."

Assents to the plan, he said, also had been received from 84.90% of the general creditors, while common stockholders had unanimously approved the plan.

## Dom. Foundries Profits Increase

### Shows Net of $3.61 a Share on Common in 8 Months

Application has been made for listing the stock of Dominion Foundries & Steel on the Toronto Stock Exchange. The common stock is already listed on the curb section of the exchange but will be transferred to the regularly listed section.

An interim statement of earnings for the eight months ended Aug. 31, 1937, shows net profits equivalent to $40.41 a share on the 12,000 6% preferred shares and $3.61 a share on the 119,513 common shares. The company has paid two dividends of 25 cents a share on the new common this year.

The company reported net profits for 1936 equivalent to $25.94 a share on the preferred and $2.49 a share on the common.

Operations for Sept., 1937, continued at the same rate of earnings, and the present reduced bookings with a backlog of orders, indicate fourth quarter earnings are expected at the same rate, according to a statement by C. W. Sherman, president. Enquiries for next year are developing and indicate a fair volume of business.

The income and surplus account for eight months follows:

**Income and Surplus Account**
**Eight Months Ended Aug. 31, 1937**

| | $ |
|---|---|
| Operating profit | 758,177 |
| Less: Depreciation | 181,277 |
| Income taxes | 92,000 |
| Net profit | 484,900 |
| Less: Pref. dividends | 54,000 |
| Common dividends | 32,687 |
| Surplus for period | 398,213 |
| Add: Previous surplus | 512,944 |

**Working Capital**

| | Aug. 31, 1937 $ | Dec. 31, 1936 $ |
|---|---|---|
| Current assets | 1,801,119 | 1,344,191 |
| Current liabilities | 1,000,732 | 414,487 |
| | 800,387 | 929,704 |

## Frost Steel Changes Fiscal Year to Dec. 31

Frost Steel and Wire Co. announces that its fiscal year has been extended to end Dec. 31, from the former date of Oct. 31. For this reason the company's annual report will not be published until some time in Jan., 1938. The company's first preference shares are to be called for redemption at 107½, plus accrued dividends, between now and Jan. 30.

*How to Profit from the Figures. 2*

# The Depreciation Mystery

### What Does Entry Mean to Equity Of Shareholders?

*This is the second in a series of articles. The third article dealing with working capital will appear next week.*

Besides the unavoidable elements of fiction in balance sheets, even the best ones, there is an element of mystery. It is typified by the entry known as "reserve for depreciation," and the mystery of the depreciation figures, in turn, exemplifies the puzzle of other items that are set up as reserves. They may provide real protection against contingencies of the future, or they may be partly deceptive to the uninitiated reader of financial statements.

As an illustration of the meaning of "reserves," consider the following balance sheet:

**Balance Sheet**

| | $ |
|---|---|
| **Assets:** | |
| Cash | 100,000 |
| Inventory | 200,000 |
| Plants | 500,000 |
| Total | 800,000 |
| **Liabilities:** | |
| Bank loan | 200,000 |
| Reserve for depreciation | 100,000 |
| Capital stock | 400,000 |
| Earned surplus | 100,000 |
| Total | 800,000 |

The current assets, cash and inventory, total $300,000. Set against the current bank loan of $200,000, this leaves net working capital of $100,000.

*Asset or Liability*

Now, a survey of the other items. Supposing the plants to have cost $500,000 new, including additions, they are now shown at a net value of $400,000; that is, $500,000 less $100,000 of depreciation reserve.

This brings the reader of the balance sheet to the conclusion that the stockholders' equity of $500,000—consisting of the capital stock and earned surplus — is represented by net value of $400,000 in plants and $100,000 in working capital.

But where, it may be asked, is the reserve for depreciation?

It is shown as a liability. It could just as easily be shown as a deduction from the amount of plant assets, and often it is. The questions remain, however, where is the reserve located in the form of assets and where did it come from? Also, what does it mean?

To get to the bottom of these questions, it is necessary to look into the nature of the fixed assets which are the company's plants. The fixed assets usually consist of land, buildings, machinery, furniture, etc. It is customary, under conservative accounting practice, to show such assets at their cost; or at the fair value, which may be either more or less than cost.

*Decreasing Value*

Except real estate, fixed assets gradually lose in value or utility through age and wear and tear. The buildings deteriorate, machinery becomes obsolete and worn, the furniture wears out and loses value rapidly. Reserves should therefore be set up from earnings each year to provide for replacements which become essential sooner or later. While reserves may be established for a variety of purposes, the process of creating most reserves is illustrated by the depreciation account.

The depreciation reserve should properly be sufficient to permit complete replacement of the deteriorating assets by the time they are worn out. For example, the probable life of buildings and machinery——the plants—may be estimated as 20 years. Obviously it is necessary to provide a reserve of 5% of the assets eevry year in the 20 to provide for full replacement.

*Building Up Reserve*

In the foregoing balance sheet, suppose the plants originally cost $400,000 and that improvements costing $100,000 have been made, accounting for the total of $500,000.

On the original cost of $400,000, an annual sum of $20,000 would be apportioned to the depreciation reserve. Such an amount would be charged against earnings each year; and in five years the depreciation reserve would amount to $100,000 as shown in the balance sheet. That answers the question of where the reserve comes from.

In the five years that the depreciation reserve was being established at $100,000, however, the company may have expanded its plants by putting another $100,000 into them. In such a case, the depreciation reserve has really been invested in new bricks and mortar and in more equipment.

Of course the method of investing the depreciation reserve in plants will not provide the cash fund at the end of 20 years to replace all the fixed assets. But there are other considerations. For one thing, the life of the plants may actually be lengthened by expenditures on maintenance over the period. Also, the expansion of plants should permit an increase in earnings.

A cessation of plant expansion would permit the investment of the reserve for depreciation in current assets. The bank loan might be worked off and then the reserve withheld from profits might be invested in bonds or other liquid securities.

*Curb on Inflation*

A few companies actually have most of their depreciation reserve represented by holdings of saleable securities. But a great many find it necessary to use their reserve in new equipment and buildings. In some cases, the depreciation reserve, and other reserves too, may simply represent an entry showing a part of the earnings that have been retained to expand a business. The deduction of an annual sum from earnings for purposes of the reserve also has the effect of preventing a deceptively large rise in the shareholders' equity in the enterprise.

It is usually safe to generalize to this extent: that the larger the reserve for depreciation, in proportion to the plant assets, the less likelihood there is of inflation in the balance sheet value of the company's securities.

## Plan Is Drafted For Leamington

### Council and Creditors Tentatively Agree on Settlement

A plan for settlement of the Leamington, Ont., default situation has received approval of the town council and representatives of creditors. The plan must now go before the Ontario Municipal Board, and it is believed approval of holders of the required 66% of debenture holders will be forthcoming so that final settlement can be effected without further delay.

Unmatured debentures amounting to $466,306 principal amount are to be replaced by an issue of an equal amount of new 20-year debentures, redeemable at the town's option, in whole or in part, on Dec. 31 in any year, at par and accrued interest. Interest from Jan. 1, 1937, to the original maturity date will be at the original contractual rate, and thereafter at 4½% per annum. It is understood the new bonds will mature serially.

It is proposed to pay the 1934 principal maturities, totalling $44,267, in cash. The 1935 and 1936 maturities, amounting to $72,623 and $72,507 respectively, will be settled by the issue of an equal amount of new 4½% debentures. Interest accrued on all these securities to Dec. 31, 1936, totalling $18,413, will be paid in cash. Debt charges for 1937, which are approximately $64,756, will also be paid out of cash on hand. It is estimated there will be $200,000 available for cash settlements and for working capital and refunding expenses as at Dec. 31, 1937.

Liabilities in connection with the Windsor, Essex and Lake Shore Railway and the Ontario Housing Loan will be settled as to principal by issue of $203,159 of new debentures. Interest arrears on Dec. 31, 1936, amounting to $36,512, are payable in cash under the plan.

## Niagara Falls Emerges From Defaulting List

Niagara Falls, Ont., is now definitely removed from the list of defaulting municipalities. Final settlement was made possible when holders of $500,000 of matured debentures agreed to exchange their securities for a new 4½% 15-year serial bond issue. The balance of overdue principal maturities, amounting to $678,318, will be paid from cash on hand.

Holders of past-due debentures and debentures maturing on or before Dec. 12, 1937, may now receive full principal payment by delivering their debentures, with letters of transmittal attached, to Guaranty Trust Co. of Canada at Toronto. Simple interest at the debenture rate will be paid on overdue principal to the date of payment, but no interest will accrue on overdue debentures after Dec. 1.

The city will remain under a modified form of supervision for five years, requiring submission of the annual budget and quarterly financial statements to the Ontario Department of Municipal Affairs.

## Connors Bros. Split 15 for 1

### New Brunswick Canning Firm to Simplify Capital

From Our Own Correspondent

MONTREAL.—Connors Bros., of Black's Harbor, N.B., world's largest packers of sardines, has taken out supplementary letters patent, providing that each common share be converted and subdivided into 14 class A non-voting shares and one class B common, both of no par value.

At present 5,000 shares of no par value common stock are authorized, so that the split will increase the number of authorized shares to 70,000 class A and 5,000 class B shares.

The class A shares have preference as to dividends up to 50 cents a share; are non-cumulative; share equally with class B shares in all further dividends after the class B receive 50 cents a share; rank equally with the B shares in the event of dissolution and carry exclusive voting power.

The capital stock is further increased by the authorization of 25,000 additional class A shares, which will be used for exchange for preference shares, at the holders' option, on the basis of ten class A shares for each preference share.

There are now outstanding 25,000 7% preferred shares, of the par value of $100 each.

Last February the company redeemed the balance of its outstanding 6½% first mortgage bonds. No official statement is available as to the means by which these bonds were redeemed; but it is presumed that payment was made out of the company's own resources.

Present plans would appear to reduce the company's capital to class A and B shares through eventual conversion of the preferred into class A stock.

**Calls in Preferred**

All of the outstanding 7% preferred stock, amounting to $250,000, has been called for redemption. At the same time it is announced that holders have the privilege of converting their stock into the new Class A shares, on the basis outlined.

Provision for this conversion has been made in the new capital set-up.

## Maple Leaf Gardens Renews O.H.A. Agreement

Ontario Hockey Association has approved a new five year agreement with Maple Leaf Gardens Ltd., Toronto. The agreement calls for all Toronto games played under the control of the Ontario Hockey Association to be held at the Maple Leaf Gardens. This includes all group play-offs and final games, if the location is practical, but does not include games under the direction and control of University of Toronto.

**What's the Product?**

A manufacturer recently said there's lots of junk operating in metal-working plants, still producing—yes, but producing losses. Articles in Canadian Machinery are designed to inform plant owners and their staffs on ways to avoid the production of losses: "High Production Drilling," "Tool Engineering," "Welding in the Foundry," are some of the titles in the November issue.

E. G. Burgess, superintendent, Massey-Harris Co., Toronto, contributes an important article on that company's method of taking fear of the future from the worker's mind. Articles of importance in today's world are found in

CANADIAN MACHINERY & MANUFACTURING NEWS
481 University Ave., Toronto, Ont.

**Power for Paper**

Highest-pressure boiler in a paper plant in Canada has been used in the new power installation of the Bathurst Power & Paper Co. at Bathurst, N.B. This being news to the power industry, a Modern Power & Engineering editor went to the Maritimes for the story which with complete photographs and drawings appears in the November issue.

Typical of the editorial service of the paper, this article is only one in an issue covering such subjects as Ontario Paper's conversion from electric-steam generators to coal-fired power plant generating electricity; mathematics for engineers; practical power plant problems; selection of equipment; new products, etc.—a typically newsy issue of

MODERN POWER & ENGINEERING
481 University Ave., Toronto, Ont.

## Refinancing Plan Ready For Town of Kingsville

A settlement plan for Kingsville, Ont., which is understood to have the council's approval and to be satisfactory to creditors' representatives, is now ready to go before the Ontario Municipal Board.

The plan provides that new 25-year serial debentures are to be issued to replace all old debentures maturing before the date of issue of the new securities. Past due interest will be paid in cash at the contractual rate to the original maturity date, and from that time at 4½% until Dec. 31, 1937.

Under the plan new debentures will also replace unmatured debentures, and will bear interest at the original contract rate up to the original maturity date, and thereafter 4½% to the new extended maturity date.

Interest is overdue on $414,398 of general debt and $120,286 of obligations in connection with the Windsor, Essex and Lake Shore Railway. This is to be settled by payment of $111,483 cash. For this purpose, it is estimated $110,749 cash will be available as at Dec. 31, 1937.

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## I. P. and P. Net Gains Sharply

### Earns $8.77 a Share on Preferred in 9 Months —$1.70 Last Year

From Our Own Correspondent

MONTREAL.—International Paper and Power Co. earned $8.77 a share on its new 5% preferred stock for the nine months ended Sept. 30, 1937, before deduction for possible payment of taxes and undistributed profits. This contrasts with earnings in the corresponding period last year of around $1.70 a share, after provision of $703,685 for taxes and undistributed profits.

Gross income during the third quarter of 1937 amounts to $31,975,372, as against $28,629,931 for the same period last year. After deduction of costs, expenses, interest, depreciation, depletion and other senior charges, net profit for the period of $3,029,383, compared with $1,285,463, in the third quarter of 1936.

Cumulative returns for the nine months ended Sept. 30, 1937, showed total revenue of $95,674,593, compared with $82,133,841 in the like period of 1936. After providing for operating charges, the net revenue available for interest, depreciation, etc., amounted to $17,840,458, as against $7,303,311.

The net profit, after all charges, and as set forth in the following table, amounts to $8,062,077, as against $1,548,006.

**Nine Months Ended Sept. 30**

| | 1937 $ | 1936 $ |
|---|---|---|
| Gross sales, less returns, allowances & discts. | 94,662,256 | 81,249,830 |
| Other income—net | 1,012,337 | 884,011 |
| | 95,674,593 | 82,133,841 |
| Cost and expenses: | | |
| Pulpwood, labor, materials, etc. | 54,326,225 | 48,418,984 |
| Mainten. & repairs | 5,729,888 | 4,948,872 |
| Taxes | 1,976,159 | 1,685,185 |
| Freight expenses | 10,960,514 | 10,890,508 |
| Selling, gen. & adm. exps. | 4,382,831 | 4,417,912 |
| Prov. for doubt. accts. | 458,518 | 469,069 |
| Operating profit | 17,840,459 | 11,303,311 |
| Deductions: | | |
| Int. on funded debt | 3,048,453 | 2,843,546 |
| Int. on other debt | 17,295 | 496,799 |
| Debt disct. & exp. | 314,138 | 292,627 |
| Depreciation | 3,174,379 | 3,652,031 |
| Depletion | 811,887 | 564,437 |
| Income taxes | 2,352,846 | 676,206 |
| Federal profits tax | ...... | 703,685 |
| Divds. accr. but not paid | *59,383 | 525,974 |
| Net profit | 8,062,077 | 1,548,006 |

*The 1937 figures contain no provision for dividends on the preference shares of International Poyer and Paper Company of Newfoundland, Limited. Under a recent agreement, such dividends are non-cumulative until 1939.

**Bond Redemptions**

| Bond Issues: | Rate | Year | Due | Price |
|---|---|---|---|---|
| Riordon Pulp | ▲6% | 1942 | Dec. 31 | 105 |
| Porto Rico Tel. | †6% | 1944 | Dec. 1 | 105 |
| Mississippi R. Pr. | ‡5% | 1951 | Jan. 1 | 105 |

For sinking fund purposes: †$5,200. ‡$154,400. ▲$59,000.

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Our representative, who is familiar with these territories and the buying customs of the peoples, leaves early in December to spend three months, or more, in a thorough coverage of every section of these countries. He will be in a position to personally analyse and report in detail on every phase of these markets for you, too. This is an opportunity to secure accurate and complete information and, if you desire, he will arrange to establish, or open negotiations for your completion of direct connections. Export trade handled intelligently means increased volume and profits.

Address your communication to, attention of Lorne Ardiel, President.

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CITY OF NIAGARA FALLS, ONTARIO

**Notice to Holders of City of Niagara Falls Debentures**

Holders of past-due debentures and debentures maturing on or before December 12, 1937, of Niagara Falls are hereby advised that the City is now prepared to honour such obligations in full through its Fiscal Agent, Guaranty Trust Company of Canada.

Debenture holders are requested to present the aforementioned debentures for payment to

GUARANTY TRUST COMPANY OF CANADA
70 Richmond St. W., Toronto, Ont.

Simple Interest at the debenture rate will be paid on overdue principal to the date of payment, but interest will not accrue on said overdue debentures after December 1, 1937.

Interest will not accrue or be paid on debentures maturing on December 12, 1937, after that date.

Letters of Transmittal which may be obtained at the Toronto or Windsor offices of Guaranty Trust Company of Canada, must accompany all debentures delivered to the Fiscal Agent for payment.

It is suggested that in forwarding any debentures, the holders should do so by registered post, insured.

Dated at Niagara Falls, this 19th day of November, 1937.

H. E. GODDARD, *City Manager*

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TORONTO, NOVEMBER 27, 1937


### The Financial Post's Platform for Canada

1. *Balanced budgets.*
2. *Abolish politics in C. N. R.*
3. *Merit system in public service.*
4. *Freer foreign trade through Empire preferences and foreign treaties.*
5. *Stable tariffs for balanced development.*
6. *Stricter laws to protect investors.*
7. *An even break for Canadian national newspapers and periodicals.*
8. *A modernized constitution.*
9. *Integrity in meeting public obligations.*
10. *Wider markets for our farms.*

## A Business Opportunity

THE way is now cleared for three of the greatest trading nations in the world to negotiate new sales agreements. All three, Canada, United States and Great Britain have officially announced the opening of trade negotiations within the past week. Total trade involved is over $2 billions annually.

There should be no hesitation about Canada playing a major rôle in these negotiations. In the first place Canada, as much perhaps as any nation in the world, is vitally concerned in furthering the ideal of world peace and freer world trade. There is perhaps, at the present time, no single move which would more readily facilitate this latter ideal than a successful trade pact between United States and United Kingdom.

And Canada, by reason of her strategic position and her existing trade agreements with these countries, must play an important part in the consummation of such a pact. Even if this country is called upon to make certain immediate sacrifices to further this end, such sacrifices would be of a type which could easily disappear rapidly in the fulfillment of a greatly increased world trade.

However, by rewriting her trade pact with United States at this time it now appears that Canada may be called on to make few if any important sacrifices but that rather she may be able to achieve substantial trade benefits for many important groups by reason of her unique opportunity in the present situation.

Canada, fortunatey, has an important option on a score of key items in the rich British market. We can legitimately use these options to obtain further concessions in the rich U.S. market—without in any way jeopardizing the ideals of Empire preference and sentiment.

Take quotas for example. Canada has a large and very valuable quota in the British bacon market. But we have never come within striking distance of this quota despite a tremendous boost in production since 1932.

On the other hand we have a valuable cattle quota in the United States. This quota has been exhausted in each of the past two years—well ahead of the full-time limit allowed.

Is it not, therefore, good business for Canada to use the present opportunity and obtain a larger cattle quota in the United States in return for a concession to the U.S. in the British market. This is only one instance and is perhaps over simplified, but it is typical of many that could be cited.

In addition to the idealism which men like Rt. Hon. W. L. Mackenzie King will bring to this task, Canada's ministers and trade experts will need to exercise sound, shrewd, business judgment to negotiate these difficult matters successfully. Granted this, there is nothing to fear in these negotiations. This country should be proud of her rôle between these two mighty Engish-speaking groups. It should lay the groundwork for much larger, more profitable trade in the years to come.

## Selling Canada's Wheat

WITH Canada's visible supply of wheat down to record low levels for this time of year and stiff premiums on every bushel of No. 1 Northern sold, there is no immediate marketing problem for this commodity. But such a situation is a temporary development only and the suggestion of a permanent wheat marketing institute made to the Turgeon Commission last week is one worthy of most serious consideration.

A return of normal crops to the Prairie Provinces, a situation that may well occur within the next nine months, will involve the annual export of not less than 250 million bushels. This was our normal average export in the years before the drought and similar sales will have to be made again if Canadian wheat farmers are to be profitably employed. Such volume, in view of the present high world acreage, will require considerable planning and expert direction. Old channels must be kept cleared and probably new ones developed. Other uses for wheat may be necessary.

The wheat institute, as recommended to the Turgeon Commission, would be an organization to carry on continuous research and propaganda calculated to increase the sale of Canadian wheat. Its researches would be both economic and scientific. It might make laboratory tests abroad of possibilities of blending Canadian wheat with a view to demonstrating the value of using a proportion of Canadian wheat. It would be clearing house for information relating to all possible uses and markets for wheat for the benefit of producers, exporters, millers and all other parties interested.

It would not involve the Government in heavy losses such as were threatened when Ottawa went into the direct business of selling some years ago because its activities would be confined to market exploration only. In fact the proposed organization should be made entirely self supporting, being financed by contributions from the various interests directly benefitted or from a levy of a fraction of a cent on every bushel of wheat exported.

## Black Eye for Public Ownership

SUMMARY dismissal last week of A. M. McCrimmon, secretary and controller of the Hydro-Electric Power Commission of Ontario was accompanied by no explanation from the government. Mr. McCrimmon has been general manager of this $400 millions enterprise in everything but name, since the enforced "resignation" of F. A. Gaby in 1934. His resignation was requested by Hon. W. L. Houck, vice-chairman of the Commission "on orders from higher up." No accusation has been levied against Mr. McCrimmon, who, for three years, has filled one of the most important executive posts in Canada, neither has any explanation been given of this demand for his resignation.

It is little wonder that publicly-owned enterprises like Hydro have difficulty in obtaining and keeping a first class personnel. There is no joint-stock company of any size or importance in Canada that would make a move of this kind without some explanation. The assumption is that Mr. McCrimmon's dismissal has been prompted by political motives, in which case the hopes for independent management raised by the recent appointment of Dr. Hogg as chairman of the Commission, may prove ill-founded.

Ontario's hydro enterprise is often held up as a model of wise and enlightened public ownership. But hardly a year passes without some glaring evidence of the major weakness in this or any other publicly-owned corporation, namely political interference.

Until some reasonable explanation is given as to why Hydro's chief executive was fired, the stigma of political control will remain.

It looks like another black eye for public ownership.

## Commodities Point the Way

THE advice that many astute financiers and businessmen are following these days in this: don't watch the stock market, watch sensitive commodity price indices.

One of Canada's most respected financiers is reputed to have sold his security holdings early this year when he saw commodity prices started on their downward slide. He is now watching closely the sensitive price barometers of cocoa, cotton, rubber, turpentine, wheat, tin and so forth, to give him his clue as to when the bottom has been reached.

Certainly commodities were the first harbingers of business trouble in the 1937 business slump. They started to drop sharply in March after reaching the highest point in many years. They are currently at a point about 40% below their 1937 peak, and at a point little more than half the 1924-26 average.

One reason sensitive commodity prices "called the turn" is that they reflect the intimate judgments of men who are dealing with the most active raw materials which enter trade and commerce. And essentially the present slump is an industrial rather than a "credit" recession— a situation where money has been, and still is, cheap and plentiful but where business confidence rather than credit is the weak point.

There will be no assurance that the business situation has touched bottom until sensitive commodity prices start to hold firm or point upward again. Businessmen do not make extensive commitments until they have confidence in raw material prices.

## Honest Public Accounts

AN ASPECT of public finance in Canada which should be studied by the Rowell Commission is the accounting practices of government.

It is a common thing in this country to have politicians and Government Commissions accuse big business enterprises of disguising their true position by various accounting practices. But there are few business organizations to which this accusation has a more general application than to governments themselves.

In some cases this has been due to poor accounting practice or incomplete returns but little attempt has been made to correct the situation since it has been considered in the interests of government to hide its true financial position from the public. In other cases, there has been deliberate juggling of figures. One thing is certain, namely, that it is almost impossible for the ordinary man to understand the published accounts of most governments in Canada.

An illustration of the manner in which governments have attempted to fool the public is the policy of recent years whereby budget results have been reported on ordinary account, exclusive of unemployment relief. Very often, much has been made of the fact that the so-called "ordinary" budget, providing for the routine expenditures of government, is in balance. Actually, there has been a substantial deficit, because other expenditures, including relief, are segregated into a "special" or "extraordinary" budget. This is merely a political bookkeeping trick to deceive taxpayers.

One or two governments have adopted more sound accounting policies in recent years. The leadership of Ottawa is most notable. Mr. Dunning for some years now has presented budget accounts which tell a complete and accurate story of federal finance. Furthermore comprehensive plans have been under way at Ottawa for some time toward revising the entire system of federal accounting so that clear, composite pictures of each department and of each important service can be obtained. Ontario has also gone a long way toward the adoption of clear-cut accounting methods and properly balanced accounts.

The Rowell Commission can perform a useful service in establishing a few simple but important yardsticks which should govern governmental accounting practice in this country.

## Editorials in Brief

**Abbreviations** of U.S. states are occasionally confusing, especially to those who are a few decades away from their public school geographies. Most people will feel sympathetic toward the announcer at the Royal Winter Fair, Toronto, who was momentarily stumped by "Mo." and then gave it as "Mohio."

* * * *

**The Literary Digest** quotes President Roosevelt as saying:

"Nor can we at this time accept a revision of our revenue laws which involves a reduction in the aggregate tax burdens of those least able to bear them."

Many a man's mind is the more accurately reported when his words are misquoted.

* * * *

**For a few hours** last week, stock and commodity markets on this continent held their breath—so to speak. White House bulletins were suspended; official conferences at Washington were called off. In thousands of brokerage offices traders waited anxiously for news—any kind of news—about the New Deal and its many manifestations.

Finally the word flashed through. President Roosevelt had a toothache.

* * * *

**"Mad dogs and Englishmen,"** it is said in the tropics, "go out in the mid-day sun."

The remark is supposed to satirize the Britisher's famous habit of ignoring the more obvious dangers of any situation, becoming upset only when something interferes with his regular habit of life.

An excellent example of this national trait is contained in the monthly publication, "Oriental Affairs," published by a British firm in Shanghai, China. In the September issue of this magazine, its editors have done a thorough job in covering, pictorially and in articles, the Japanese advance on Shanghai. "Shanghai in torment" is the title on the cover. After reading it, one expects to find something pretty grisly as a lead article. However, the first sentence in the magazine, in true British form, is:

"Hostilities in the north and around Shanghai have resulted in the disruption of the mail service."

The British section of Shanghai must be in torment.

In the same journal is a sentence which may be a printer's error, and yet seems to hint at deep, dark and dire modes of life in the International Settlement. The sentence runs:

"... the Shanghai Volunteer Corps has been mobilized, and assisted by certain national defense forces is taking part with the police in preserving the International Settlement as a peaceful area in which all persons, irrespective of nationality, can dwell and carry on their awful (sic) occupations."

## Sayings of the Week

"The most serviceable of all assets is reputation."—*Otto H. Kahn.*

* * *

"Rising wage scales mean nothing if prices rise with them."—*Lammont du Pont.*

* * *

"I am confident that the future holds a most valuable guarantee of peace."—*George VI, King of England.*

* * *

"I have written 'The Citadel' to show the shocking injustice to humanity in this age of mendacity."—*Dr. Archibald J. Cronin.*

* * *

"I feel the bondholders would be unwise to refuse some arrangement for reorganization of the company."—*T. T. Clarkson, Receiver and Manager, Abitibi Power and Paper Co.*

* * *

"There seems to be every reason to believe that we will have tax revision and I think it will be very helpful." — *Jesse H. Jones, Chairman, Reconstruction Finance Corp.*

* * *

"There lies ahead of us a time in which wisdom and skill will have wider play and greater rewards than ever before in history." — *Sir Edward Beatty.*

* * *

"The opinion on the Continent is that we are approaching a new and terrible European war." —*Dean Inge.*

* * *

"In approaching economic problems most of us are still in the old witch-doctor days."—*Henry A. Wallace.*

* * *

"China has never subscribed in writing, nor will she subscribe to the demands of predatory powers."—*Chiang Kai-Shek.*

* * *

"Planning ahead for myself, even for a few years, is opposed to my principles."—*Mahatma Gandhi.*

* * *

"Economic existence is more important to any people on earth than political freedom."—*Owen D. Young.*

* * *

"It is not in the temperament of our people to bear malice, and I think we have the shortest memory for quarrels of any nation in the world." —*Neville Chamberlain.*

* * *

"All success depends entirely upon a political foundation, without which, economic advances may appear to be built upon sand." — *Josef Stalin.*

* * *

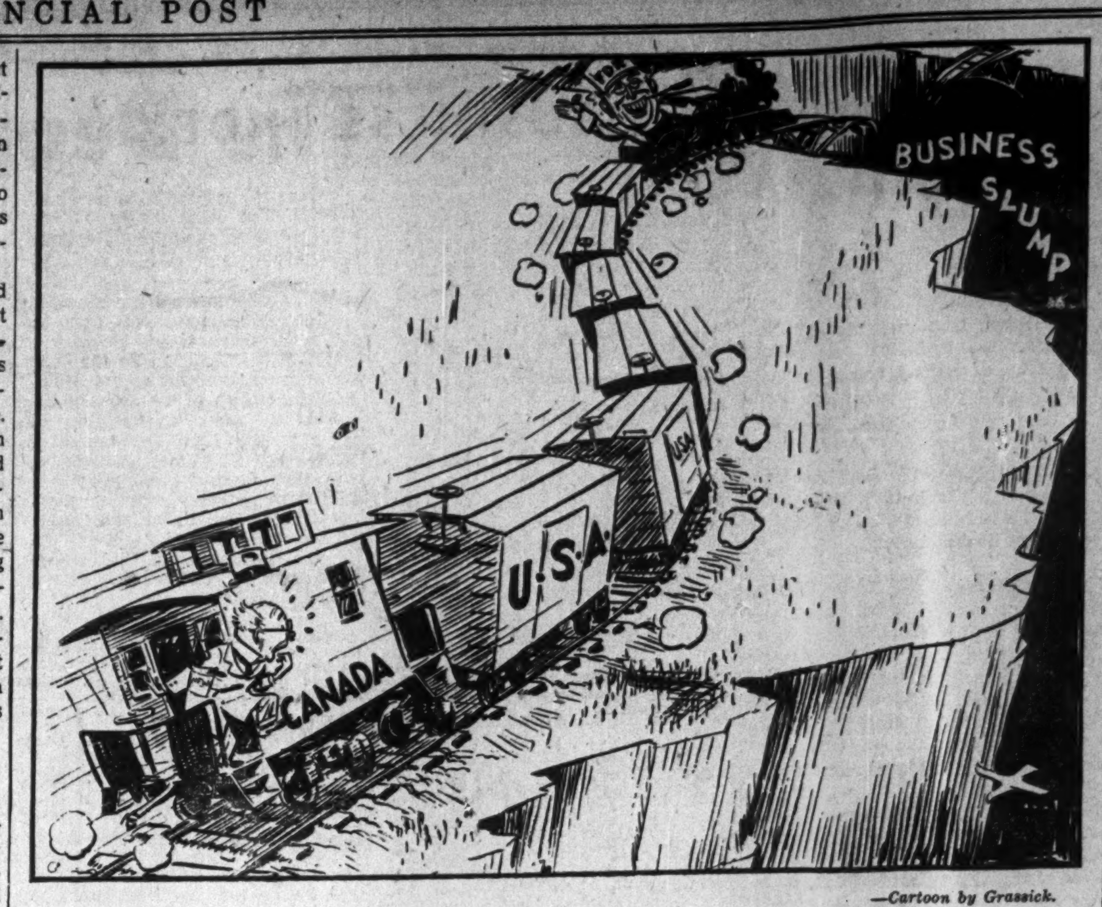
"The fruits of the free spirit of men do not grow in the garden of tyranny." — *Stanley Baldwin.*

* * *

"The League of Nations under present conditions is not an effective means of defence against aggression. A strongly armed United Kingdom is, in my opinion, a much surer guarantee of peace."—*Hon. J. L. Ilsley, Minister of National Revenue.*

* * *

"You have built a great socialist society which has been a beacon light to us in our years of struggle and whose very existence is having the most profound effect on the people of America as on the toiling millions in every corner of the earth."—*Josef Stalin, to Communist Celebration in New York.*




A TOUGH RIDE FOR THE CABOOSE

—*Cartoon by Grassick.*

# Post-Scripts . . . .

### *Sydney Dobson*

The presidency of the Canadian Bankers Association is reserved by tradition for one of the general managers of Canada's chartered banks. As the newly-elected head of this potent and exclusive organization, Sydney G. Dobson not only fills the traditional requirement (he is general manager of the Royal Bank of Canada) but also brings to the post a knowledge of banking second to none.

SIDNEY DOBSON

Like many another general manager of a chartered bank, Sydney Dobson is a Bluenose, or, if you prefer, a herring-choker. He was born in Sydney, N.S., 57 years ago and in 1900 entered the bank as a junior clerk. His career bears a striking resemblance to that of Morris Wilson, president of the Royal Bank, and whom he succeeded as general manager in 1934.

* * *

Sydney Dobson is not unlike many other businessmen who make a hobby of work. There was a time when he took his pleasure in manoeuvring a sail boat off the Nova Scotia coast. Later on he developed a passion for driving a motor car, especially on long trips.

There hasn't been much time of late for either sailing or long motor drives. The problems of modern banking have become more complex and with his added duties as president of the C. B. A., Mr. Dobson will find his hands full in the next two years. The work which the association has started in bringing about a better public understanding of Canada's banking system and its functions is a task that will require continued direction. This is only one phase of the association's activities, but in this and other matters Mr. Dobson will give the leadership which has brought him to the top in the Canadian banking field.

* * *

### *Tom Girdler*

Major factor in breaking the wave of C. I. O.'s advance in the United States early last summer was the defeat of its bid for power in "Little Steel"—the group of independent companies which declined to follow the lead of U. S. Steel Corp. in making agreements with C. I. O. The most important and forceful element in the defeat was the unyielding, aggressive battle staged by Tom M. Girdler, head of the Republic Steel Corp.

Tom Girdler was in Toronto this week, attending the Royal Winter Fair horse show making social contacts through friends with leading figures in Canadian business, industry and politics. His conversation abounds in the vigorous, direct, everyday phraseology of a realist who is accustomed to being on the offensive and giving no quarter. It confirms what most published tributes say of him, namely that he has plenty of "guts." He neither looks nor sounds like a man who passed his 60th birthday last May.

"What should Canadian employers do if faced with C. I. O. demands such as you had to deal with last spring?" we asked him.

"Tell 'em to go to hell," he shot back promptly.

Tom Girdler would. The record shows he did it once, and the impact of his personality leaves little doubt that he would do it again, with every chance of success.

### *Ultra Vires*

Since this is a column about personalities we ought to tell the story of Ultra Vires.

According to the Grande Prairie Northern Tribune, a group of Grande Prairieites were discussing the latest political developments in the province.

One gentleman who was getting hotter under the collar each minute remarked with emphasis:

"Who is this guy, Ultra Vires? He should be deported from this province. I say he should be run out of the country and I am ready to help do the job. We have altogether too many of his kind in Alberta."

* * *

### *Beaverbrook Again*

Lord Beaverbrook has again found his way into this column.

This time he has taken the readers of the London Times into his confidence as to what is costs to produce "the world's greatest newspaper."

LORD BEAVERBROOK

"The Express newspapers," says Beaverbrook in very large type, "have an income of £5,175,000 a year." He then proceeds to distribute this income according to various cost items.

To save Post-Script fans from too many pounds, shillings and pence, we have worked these out to show how each dollar of income is distributed. This is what it looks like:

| | Proportion of Income Dollar |
|---|---|
| Paper and ink | 26.5c |
| Mechanical workers' wages. | 13c |
| Distribution cost (largely to railways) | 12.5c |
| Editorial cost | 11.5c |
| Advertising | 8c |
| Profits | 3c |
| Accident insurance | 2c |

Add these up and the total is about 76% of gross income. Lord Beaverbrook does not say where the remainder goes but it is doubtless taken up by overhead and circulation costs.

He reports also that the company has no bonds, mortgages or debts and that more than 74% of the ordinary shares are owned by himself. Another 8% is held by the staff.

* * *

### *Small World*

Our previous reference to Lord Beaverbrook in Post Scripts told about the striking series of advertisements which this Canadian-born newspaper magnate was running in the London Times. In the same issue was a little story about the Humphrey boys who have achieved fame and distinction in railroading and in finance since the days when their father was a station agent in New Brunswick.

This week we got a letter from Lord Beaverbrook thanking us for the reference to himself and adding:

"By a strange coincidence the Humphrey boys and I come from the same part of the country. Their father was the stationmaster at Berry Mills, just south of Newcastle, and Frank Humphrey was the telegraph boy at Chatham Junction, the next station south of Newcastle."

A small world indeed, though one full of strange and potent changes since the day, 58 years ago, when William Maxwell Aitken was born to a Scottish minister and his wife in Newcastle, N.B.

### *Robert C. Stanley*

Most Canadians know International Nickel Co. of Canada. Many have heard of Robert C. Stanley, president and chairman of the board.

Few get a chance to see Mr. Stanley at work. The reason is that his office is on the 22nd floor of 67 Wall Street, New York City.

ROBERT STANLEY

The other day we had a chat with Mr. Stanley in his office. It is not a very pretentious office for the president of a $230 millions corporation but it is friendly and comfortable nevertheless.

Many may wonder why the company's executive office is not in Canada. Mr. Stanley doesn't answer the question directly but seems rather glad that it isn't. He seems to feel that if he were in Toronto, for example, he would not get very much work done and that his office would be the mecca for all sorts of people who had a lot of questions to ask.

As a matter of fact, Mr. Stanley would not be troubled with questioneers if he were in Toronto because he has a very able associate by name of Henry S. Wingate who, in addition to many other important duties, makes sure that only the very proper sort of people see Mr. Stanley. Mr. Wingate, by the way, is well worth seeing himself so that those that don't see the president will usually feel they got their money's worth.

* * *

### *Far Flung Business*

The fact that International Nickel has its head office in Wall Street is an ever-present reminder that the company is much more than a Canadian institution and is, indeed, one of the largest, most far-flung enterprises in the business world. Actually about half the company's nickel business is done in the United States and slightly more than half of its profits come from that country.

Then there are important British and European connections to be maintained. Usually Mr. Stanley spends from April to June of each year in England and the Continent; after that, he takes a vacation. In the fall of the year foreign contacts for head office are maintained by Dr. J. F. Thompson, executive vice-president who spends two months abroad thus providing a first-hand overseas contact every six months. On average, Mr. Stanley spends a week in Canada about every two months. Most of this time is spent at the company's Canadian properties. In addition he attends the monthly directors' meeting of the C. P. R. at Montreal.

Mr. Stanley is just over 61, but he does not look it. Admittedly he has iron grey hair but he has also a ruddy, youthful complexion which belies that he has crossed the 60 mark. Nickel has been almost a lifetime job for he joined it in 1902 at age 26, shortly after he had graduated from Columbia School of Mines. He was made president 20 years later. Mr. Stanley was born in Little Falls, N.J.; his wife is a New Yorker. Today, in addition to being chief executive of International Nickel he holds directorates on the boards of some 23 other companies or organizations. This figure incidentally is more than matched by his club and association memberships which number 25.

# As Others See Us . . . .

### Our Railway Policy
St. Catharines Standard

Hon. C. D. Howe, Minister of Transport, recently declared that the Government had a plan to settle the railway problem of Canada which would be effective. The Financial Post scores the statement of the Minister and calls the Government programme absurd. It is not a plan, says The Post, but a mere hope. Is the attack of the Government on the railway morass really one which business dictates?

Certainly not, because behind the whole set-up there are inescapable political considerations which weigh heavily with any Government in power. R. B. Bennett stood fast against any amputative rail measures, as did his Minister, Dr. Manion, but they were never able to shake off the suspicion that they were in favor of something of the sort and lost the railwaymen's vote in the bargain, just about 100%. Because of that, the Government of Mr. King will move with extreme caution, if it moves at all.

### Mr. Bennett's Attack
Regina Leader-Post

Eastern Canadian press comment shows little support for Mr. Bennett in his attack on the Rowell Commission. The Financial Post, Toronto, thinks that Mr. Bennett's attack was "as ill in its timing as it is poor in its taste."

Only strong support to appear for Mr. Bennett in his attack on the Commission has come from the Alberta Government.

### Advice For Mr. Hepburn
Midland Free Press

The newly elected Hepburn Government is receiving plenty of advice. The Financial Post editorially undertakes to outline a programme for the Prime Minister, after stating that the previous Hepburn régime was marked by a remarkable mixture of very good and very bad judgment.

The programme would seem to be sound common sense. Experience must have taught Mr. Hepburn that it is very easy for a Liberal as well as for a Tory Government to make mistakes and he will do well to listen to the counsel of the independent newspaper editors of Ontario who have no other interest at heart than the welfare of the people as a whole.

# Stop Me If You've Heard This One . .

Jim Sloan, purchasing agent, sat listening to a salesman.

"To sell goods," said the latter, "you must be a psychologist; you must be a psychic. Now I am a psychic. I can read the minds of men I call on, for instance, I know what's on your mind right now."

"Well, then," replied Jim, stifling a yawn, "why don't you go there?"

# In the Mail . .

### New Eyes for Industry

Editor, The Financial Post:

Under this heading our editorial of October 9 says: "If Canada is failing to keep abreast of changing world conditions, it is important, etc., etc.,"

Canada with her problems of relief, unemployment, debt, etc., seems to be keeping abreast of world conditions.

There is too much piffle in the editorial columns of The Financial Post about economic problems.

Get down to brass tacks and tell Canadians what they want to know—how to place in consumers' hands the purchasing power which is necessary to enable them to enjoy the abundance of their own production.

T. E. D. WATSON,
Liverpool, N.S.

### Japanese Boycott

Editor, The Financial Post:

We are indebted to our frined H. K. Akamatsu of Ottawa, for a "most interesting and illuminating" article, which was published in your columns on Nov. 13, 1937.

No doubt his trade statistics are accurate, wherein he outlines the fact that in both 1926 and 1927 Japan was a better customer of Canadian products than China; he also mentions the fact that Japan is becoming independent of Canadian raw materials, viz. "Timber from Manchukuo, pulpwood from Sakhalin, etc., a large ore body of nickel has recently been found in Korea," etc.

Very illuminating indeed — all these raw materials already seized by military means from China—gives us some idea as to future policies of obtaining their requirements!

Let me quote from a statement of the Viscount Cecil, recently awarded the Nobel Peace Prize, as reported in the New York Times on Nov. 19, 1937.

Lord Cecil suggested that the Brussels conference send a formal request to Japan to cease aggressive warfare in China, "as a preliminary to coercive economic action." Elaborating his previously expressed belief that Japan would not make war on the western powers over such a blockade, he declared that a comparatively small group of nations could make sanctions effective.

A refusal by the British Empire, the United States, Russia, The Netherlands and France to purchase Japanese goods, he said, would virtually eliminate Japan's foreign markets. Only the Soviet Union, the United States and the British Empire would be needed to stop the flow of oil, scrap iron and rubber, the basic war materials, to Japanese factories, he added.

Pending action by our Governments we as individuals hold the answer in our personal purchases.

Particularly at this season of the year, when by the purchase and exchange of gifts we celebrate the anniversary of the birth of "The Prince of Peace."

Let us plan to have no gifts "with blood on them" given, or accepted, and by the combined effort of our individual purchasing power let us register our protest against the barbarous methods of the Japanese militarists, as well as the ones pursued by the "brown and black shirted fanatics" whose actions menace the Peace of the World.

A. DOUGLAS HUME.
New York City,

# Other People's Views . . . .

### Human Nature in the Raw
Nation's Business, Washington

The chairman of a delegation of home town boosters on the way to Washington to ask for an allocation of federal funds for the construction of a public fountain was confiding in one of his colleagues.

"You know, Joe, I had a birthday last week and my wife gave me one of those fancy smoking jackets that cost $15. Now, I wish she wouldn't do that sort of thing. She meant well by it but she was just using my own money to give me something I didn't need."

The fountain, we learned, was to be a $15,000 affair.

### Unemployment Insurance
Montreal Gazette

Whatever may be the merits or demerits of unemployment insurance provided by the State, or based upon State contributions, there can be no question as to the propriety of the course which the King Government is pursuing as contrasted with the unconstitutional attempt of its predecessor. The present Government has, of course, the advantage of a more definite knowledge as to the constitutional position of the Federal Parliament than the Bennett Administration had, but there never was, really, very much doubt that the 1935 legislation was of extremely questionable validity. The attempt to base a legislative right upon certain provisions of the Versailles Treaty was practically hopeless from the outset.

### Employee Contests
Canadian Machinery

Only too frequently in plants, employees have the feeling that they are there to perform one particular job and that the employers have absolutely no interest in their work whatsoever. In the majority of cases this is far from the case and the employers are only too willing to receive suggestions from the employees regarding better methods of production, etc. In order to foster this spirit, Dominion Foundries & Steel Ltd., Hamilton, recently ran a contest for suggestions offering as the grand prize a Ford sedan, in addition to monetary awards to each group, the whole plant being divided into six groups for this purpose.

Some idea of the interest stimulated among employees can be gathered from the fact that over 1,200 suggestions were received, many of which were quite worth while and valuable.

Not only does a contest of this description bring out worth while suggestions to the management but it also fosters in the men the spirit that they are part of the one big organization and not just a piece of human machinery which goes under the nomenclature of a check number.

The fact is being rapidly realized that employees are something more than a piece of human machinery and that they are and should be a part of the organization for which they work.

## Week in Business

# Luxury Buying Falters But Other Lines Hold

### General Level of Canadian Business Still Running Ahead of Last Year — Recession Hits Top Buyers Only

Aside from luxury buying, general business in Canada continues fair with volume still close to last year's satisfactory levels. Compared with a few months ago, however, the rate of gains appears to have slackened in many lines.

Merchandising executives are viewing the future with some concern. They fear that Christmas trade may be off somewhat from 1936. Best showing is made in country retailing and mail order where sales are still running well ahead of a year ago in every area except Saskatchewan.

• • • •

Stock market nervousness and business recession in United States, however, already seem to have affected that relatively small percentage of the Canadian public that would naturally be interested in such commodities as big houses and big cars. Had there been no stock slump this fall contractors assure The Financial Post that many more substantial residences would have been erected on or around larger cities. As the situation has developed authorities do not expect that kind of building to be resumed until confidence can be re-established, although so far there is no more than a seasonable decline expected in the ordin[illegible]ry run of house building.

Around motor showrooms enthusiasm is reported co[illegible]nuing but this is not being fully reflected in actual sales. There was a [illegible]urt of accumulated buying with the introduction of the new models [illegible]ut this has not been followed yet by steady purchases, particularly in [illegible]he high priced lines. Local dealers are showing a reluctance to stock u[illegible] too generously.

• • • •

So far there has been no parallel in Canada to the [illegible]usiness decline already experienced in United States. Early November f[illegible]ures there show very definite recession. Department store sales are dow[illegible] 8% below the corresponding period a year ago and Barrons Business Index has fallen below 70% of normal for the first time since 1935.

The drop mentioned in department store sales may lo[illegible]k comparatively small and it is small from the standpoint of volume of [illegible]oods moved and the employment in the stores concerned. But the effe[illegible] on profits may be serious. A decline of even 5% in sales volume may [illegible]sily mean a drop of 25% in profits. It may mean no dividends at all, with consequent sharp curtailment in buying by those people whose income is derived from investment.

Already both in United States and Canada this c[illegible]ss of citizen, the wealthier type with investment income has already f[illegible] a recession and apparently has started to restrict purchases. But so f[illegible] this is about the only class affected and if the business clouds in Unite[illegible] States lift as suddenly as they gathered it may be the only class that w[illegible]ll be affected.

The feeling has not worked through to wage earners and salaried people, whose income as yet remains largely untouched. Farmers, too, except in the drought areas, have felt no net decline. True grain and livestock prices are down from a few months ago but the general level is still far ahead of any year since the depression.

## Business Indicators

**Business index** of The Financial Post for October shows nearly five point lead over same month a year ago. D. B. S. weekly index for second week in November up more than a point over previous week though down sharply from year ago.

**Carloadings** for second week in November down from year ago, reflecting lower grain movement and probably some contraction in other lines of bulk merchandise as well. Gross earnings both railroads same period higher.

**Automobiles** — October factory output nearly double same month 1936, but both totals relatively small.

**Lumber exports** reflecting a falling off in world demand down substantially in October.

**Cotton imports** September down 50%, though cumulative for nine months still well above same period in 1936.

**Life Insurance gross sales** higher in October and for year, though percentage gain in net new business believed to be smaller.

**Current trend** in Canadian business is shown by The Financial Post's index of business activity, with new figures for the week marked thus▲.

| | Latest 1937 | Latest 1936 | Jan. 1 to date 1937 | Jan. 1 to date 1936 |
|---|---|---|---|---|
| **Transportation—** | | | | |
| Car loadings, week (Nov. 13) | ▲54,597 | 56,860 | 2,300,178 | 2,139,499 |
| C.N.R. gr. earn., wk (Nov. 14) | $ ▲3,855,316 | $ 3,713,069 | $ 173,327,378 | $ 167,609,316 |
| C.P.R. gr. earn., wk. (Nov. 14) | $ ▲3,077,000 | $ 2,805,000 | $ 125,105,000 | $ 120,018,000 |
| C.P.R. net revenue (Sept.) | $ 3,141,712 | $ 3,422,884 | $ 13,073,491 | $ 11,827,468 |
| C.N.R. net revenue (Sept.) | $ 2,342,485 | $ 2,962,637 | $ 10,527,862 | $ 6,205,461 |
| **Business Conditions—** | | | | |
| Weekly index, D.B.S. (Nov. 13) | ▲103.3 | 111.8 | ...... | ...... |
| Financial Post Index (Oct.) | ▲123.2 | 118.5 | ...... | ...... |
| **Iron and Steel (October)—** | | | | |
| Pig iron production (tons) | ▲80,922 | 70,051 | 735,360 | 535,836 |
| Steel ingots and castings prod. (tons) | ▲114,527 | 98,330 | 1,191,969 | 912,064 |
| **Automobiles (Number)—** | | | | |
| Passenger Cars: | | | | |
| Domestic sales* (Sept.) | 3,920 | 4,008 | 96,266 | 76,294 |
| Factory output (October) | ▲7,378 | 4,592 | 125,194 | 104,680 |
| Trucks and Buses: | | | | |
| Domestic sales* (Sept.) | 2,220 | 1,584 | 25,463 | 18,019 |
| Factory output (October) | ▲725 | 769 | 44,560 | 26,419 |
| Exports (October) | ▲4,090 | 2,922 | 59,508 | 46,699 |
| Financing (September): | | | | |
| Used | $ 2,624,418 | $ 1,939,819 | $ 28,801,607 | $ 20,559,082 |
| New | $ 2,436,600 | $ 1,922,520 | $ 33,620,370 | $ 24,770,774 |
| **Construction—** | | | | |
| Cons. contracts (Oct.) | $ 20,169,900 | $ 14,957,200 | $ 198,576,800 | $ 142,628,800 |
| Production— | | | | |
| Cement, bbls. (Aug.) | 909,000 | 601,000 | 3,831,726 | 2,796,751 |
| Clay (July) | $ 511,950 | $ 406,204 | $ 2,108,498 | $ 1,777,375 |
| Gypsum, tons (Aug.) | 116,800 | 81,900 | 620,470 | 453,856 |
| **Agriculture—** | | | | |
| Flour prod., bbls. (Sept.) | 1,437,586 | 1,516,123 | 9,627,293 | 10,706,826 |
| Flour exp., bbls. (Oct.) | 336,478 | 464,013 | 3,343,412 | 3,966,135 |
| Wheat exp., bus. (Oct.) | 10,055,102 | 26,917,096 | 74,829,853 | 189,303,774 |
| Cattle sales (Sept.) | 136,319 | 100,156 | 726,633 | 621,536 |
| Hog sales (Sept.) | 74,147 | 85,109 | 744,988 | 681,379 |
| **Sea Fisheries—Sept.‡—** | | | | |
| Catch, cwts. | 1,467,789 | 1,084,521 | 7,101,549 | 6,876,861 |
| Landed value | $ 1,926,755 | $ 1,469,103 | $ 14,454,625 | $ 13,386,073 |
| **Newsprint (tons)—** | | | | |
| Production (October) | 314,594 | 301,106 | 3,042,961 | 2,604,831 |
| Exports (September) | 308,654 | 276,368 | 2,528,527 | 2,130,287 |
| **Mining—** | | | | |
| Coal prod., tons (August) | 1,222,976 | 1,056,032 | 9,359,159 | 9,008,929 |
| Coal imports, tons (Sept.) | 1,627,592 | 1,394,911 | 11,538,423 | 9,368,000 |
| Gold prod., fine oz. (Sept.) | ▲348,109 | 332,435 | 3,017,334 | 2,757,950 |
| Nickel prod., lb. (Aug.) | 20,662,233 | 1[illegible]379,095 | 147,840,919 | 107,927,120 |
| Copper prod., lb. (Aug.) | 44,583,629 | 3[illegible]438,299 | 329,899,425 | 269,634,996 |
| **Employment D.B.S. Index (Oct. 1)—** | | | | |
| All industries | 125.7 | 110.1 | ...... | ...... |
| Manufacturing | 121.7 | 109.0 | ...... | ...... |
| **Electric Power Output (Sept.)—** | | | | |
| Total monthly m.kh.† | 2,051,849 | 1,916,296 | 18,937,482 | 17,331,511 |
| **Trade (September)—** | | | | |
| Retail trade (index no. of sales) | 81.0 | 75.0 | ...... | ...... |
| Wholesale trade (Sept.)• | 12.0 | ...... | ...... | ...... |
| Dept. store sales (Sept.) | ▲79.3 | 77.8 | ...... | ...... |
| C'try gen. store sales (Sept.)• | 5.0 | ...... | ...... | ...... |
| Imports (September) | $ 70,240,465 | $ 52,962,972 | $ 593,018,033 | $ 450,866,373 |
| Exports (October) | $ 103,702,182 | $ 113,002,780 | $ 928,206,791 | $ 805,629,169 |
| **Other Industrial Factors—** | | | | |
| Dressed lumber, exp.: | | | | |
| M. bd. ft. (October) | ▲149,547 | 185,338 | 1,576,946 | 1,392,309 |
| Boot & shoe prod., pr. (Sept.) | 2,256,280 | 2,106,801 | 19,116,522 | 16,818,356 |
| Crude petrol., imp. gal. (Sept.) | 153,314,465 | 1[illegible]4,048,064 | 978,557,025 | 879,146,893 |
| Cotton imports, lb. (Sept.) | ▲4,581,590 | 9,262,674 | 102,173,242 | 91,797,079 |
| Raw rubber imp., lb. (Sept.) | 5,367,536 | 5,351,220 | 50,810,537 | 43,134,281 |
| Cigarette cons. (Oct.) No.† | ▲578,668 | 551,363 | 5,579,878 | 4,633,928 |
| **Sugar (lb.)—** | | | | |
| Melting & sales§ (raw) | 102,797,489 | 101,765,672 | 649,964,220 | 682,558,745 |
| Manufactured§ | 107,859,853 | 101,692,741 | 634,134,794 | 661,109,379 |
| **Finance—** | | | | |
| Bank debits (September)† | $ 2,733,625 | $ 3,1[illegible],565 | $ 26,253,228 | $ 25,893,228 |
| Bond sales (October) | $ 50,653,900 | $ 125,7[illegible]075 | $ 966,019,614 | $ 1,152,906,316 |
| Life insurance (October) | $ ▲33,762,000 | $ 29,4[illegible]000 | $ 314,650,000 | $ 291,702,000 |

*D.B.S. All-Canada figure comprising over [illegible] of the Canadian total.
†000's omitted §For 4 weeks to Oct. 9
•Percentage increase over last year
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C.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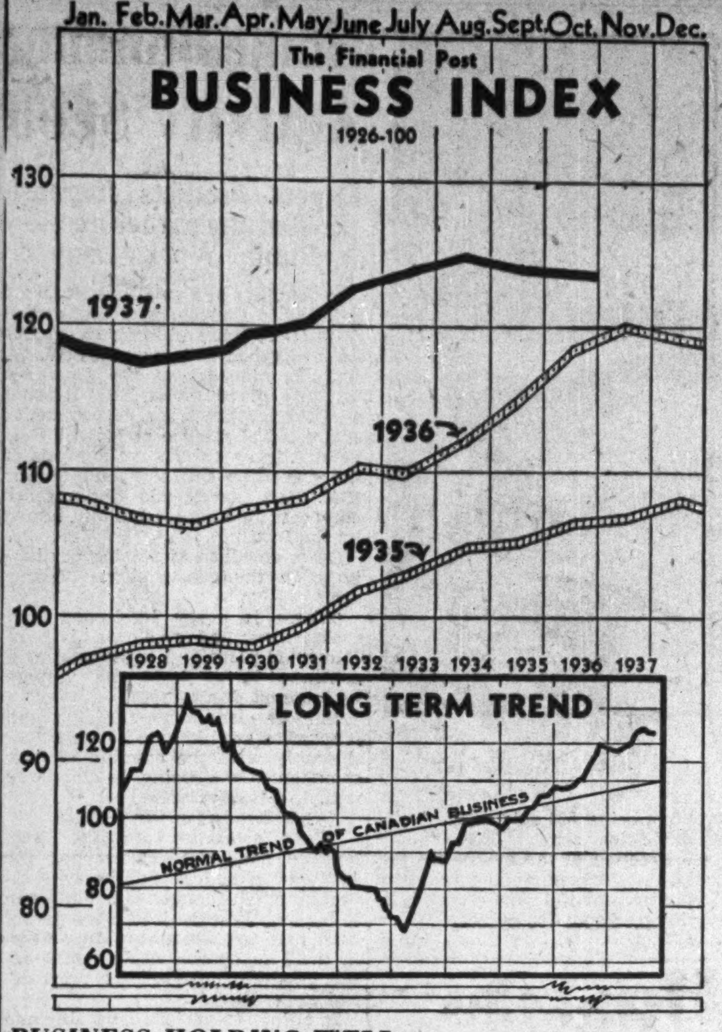


### BUSINESS HOLDING WELL

The Financial Post Business Index in October, while at a slightly lower level than September, made a better showing than would naturally be expected in view of the weakness in the price structure. No important change was shown in the financial background. Several of the industries depending upon the export trade recorded recession from the preceding month after seasonal adjustment but the level of operations was high compared with the Octobers of recent years.

**Major Canadian Economic Factors**

| | | Oct., 1937 | Oct., 1936 | Sept., 1937 | Increase or Decrease Oct., 1937-1936 |
|---|---|---|---|---|---|
| Financial Post business index | | 123.2 | 118.5 | 123.9 | + 4.0 |
| Wholesale prices | | 84.7 | 77.1 | 85.0 | + 9.9 |
| Common stock prices | | 105.8 | 126.9 | 118.9 | —16.6 |
| Capitalized bond yields, Dominion | | 143.5 | 151.1 | 146.4 | — 5.0 |
| Bank deposits | | 120.2 | 113.9 | 120.6 | + 5.5 |
| Bank debits | | 105.3 | 120.6 | 113.9 | —12.7 |
| **Mineral production:** | | | | | |
| Copper exports | cwt. | 384,925 | 429,089 | 364,890 | —10.3 |
| Nickel exports | cwt. | 169,437 | 131,047 | 186,605 | +29.3 |
| Zinc exports | cwt. | 304,708 | 325,070 | 253,148 | — 6.3 |
| Gold shipments | fine oz. | 363,908 | 352,676 | 354,308 | + 3.2 |
| Silver shipments | fine oz. | 2,375,423 | 1,619,267 | 2,327,784 | +46.7 |
| Asbestos exports | tons | 19,195 | 13,587 | 18,784 | +41.3 |
| **Manufacturing production:** | | | | | |
| Sugar manufactured | lb. | 107,859,853 | 101,692,741 | 91,122,789 | + 6.1 |
| Cattle slaughterings | No. | 168,826 | 162,735 | 169,118 | + 3.7 |
| Creamery butter production | lb. | 21,862,295 | 22,712,633 | 28,692,780 | — 3.7 |
| Factory cheese production | lb. | 14,064,475 | 15,047,074 | 19,694,994 | — 6.5 |
| Canned salmon exports | cwt. | 82,994 | 52,120 | 68,019 | +59.2 |
| Newsprint production | tons | 314,594 | 301,106 | 312,351 | + 4.5 |
| Woodpulp exports | cwt. | 1,884,342 | 1,347,621 | 1,435,322 | +39.8 |
| Exports of planks and boards | ft. | 149,547,000 | 185,338,000 | 223,507,000 | —19.3 |
| Shingles exported | squares | 240,879 | 257,739 | 251,973 | — 6.5 |
| Steel ingot production | tons | 114,527 | 98,330 | 114,622 | +16.5 |
| Pig iron production | tons | 80,922 | 70,051 | 76,180 | +15.5 |
| Automobile production | No. | 8,103 | 5,361 | 4,417 | +51.1 |
| Construction: Contracts awarded | $ | 20,169,900 | 14,957,200 | 21,715,000 | +34.9 |
| Building permits | $ | 4,384,952 | 4,262,607 | 5,078,822 | + 2.9 |
| Railways: Carloadings | No. | 259,984 | 233,478 | 262,028 | — 1.3 |
| Exports | $ | 103,702,182 | 113,002,780 | 95,216,148 | — 8.2 |

## Background of Business

### *Building Prospects*

At least as good a year as 1937 is anticipated for 1938 by the Canadian Institute of Plumbing and Heating. With a little luck, this organization believes that better business than in 1937 may be obtained. The prediction is based on the assumption that middle class home building and renovation is likely to increase next season and that there will be a very considerable replacement of industrial plants and equipment. Such, of course, will mean more plumbing and heating equipment. In regard to ordinary residential building less than present activity is anticipated and no hope is held for extensive development in slum clearance or low cost housing.

• • •

### *Meat Stocks Down*

While there are considerable fluctuations from a year ago in the various classes of meats in Canadian cold storage generally stocks are down from a year ago. Pork, while up from Oct. 1, was 27½% less than Nov. 1, 1936, and lard is down 50%. However, beef stocks have been accumulating with an increase of 60% over a year ago. In poundage, however, there was a decrease of almost 10 million pounds of pork and only a gain of 3.5 millions in beef.

Fresh frozen fish was up approximately 4.2 million pounds over a year ago or almost 60%.

The decrease in pork stocks was probably due to efforts of exporters to keep up a continuous volume of bacon to the British market during the summer and early fall in face of a decline in hog marketings. In order to maintain the volume it would be necessary to release some stocks from short storage. Increase in beef supplies would, of course, be due to heavier marketings of beef cattle as a result of more or less forced liquidation on account of feed shortage in the drought regions of western Canada.

• • •

### *Coffee Prices Hold*

R. B. Hayhoe, head of the coffee and tea wholesale firm bearing his name, tells Canadian Grocer that no quick break in coffee prices is expected as a result of Brazil's abandonment of her coffee restriction scheme. Like most other schemes of the kind this one actually resulted in vast accumulation of coffee stocks by Brazil and larger acreage. The big crop in that country this year was the final straw.

Mr. Hayhoe stated that undoubtedly Brazil would now go after the world markets which she had partially lost when her retention policy was put into effect. To do this some price reductions would be likely but it would take some time for these to work back into Canadian import channels. As a matter of fact Canada's imports of Brazilian green coffee only amount to about 15% of this country's total import.

• • •

### *Halifax Shipping*

MONTREAL.—Cargo passing over the wharves at Halifax during October totalled 176,683 tons, made up of 114,623 tons of imports and 63,060 tons of exports. This represents a contraction as compared with the same month last year, especially in imports, which declined from 148.171 tons. Export business was practically the same.

Since the beginning of the year 1,929,715 tons of cargo have been handled at Halifax, made up of 1,088,762 tons of imports and 840,953 tons of exports. For the same period last year imports totalled 967,814 tons and exports 720,470 tons.

• • •

### *Removing Labor Fears*

Worried labor is inefficient labor, according to Canadian Machinery. Chief concern of the average worker is fear of unemployment and after this there are three other major worries. These are listed as follows:

1. Loss of health and its accompanying expense.
2. Poverty and old age.
3. Provision for dependent family.

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# No Big Drop Yet Apparent In Business

### General Canadian Operations Hold Well Through October

While the economic situation was disturbed by price deflation in October, business operations were fairly well maintained at the high level of the preceding month. Moderate recession was shown in September and October from the maximum of recent years reached in August.

The shock to the economic structure administered by the marked reaction in common stock prices has had, so far, only a slight effect upon actual business operations. The business index stood at 123.2 in October compared with 124.4, the maximum of recent years reached in August. The September standing was 123.9. The detail of business movements during October was honeycombed by declines after seasonal adjustment from the preceding month. The relatively satisfactory position, however, was demonstrated by the fact that many gains were shown over preceding Octobers in some cases extending over the 18 years of the post-war period.

**Mining Production Large**

Two of the seven available factors showing the trend of mineral production recorded gains in October after seasonal adjustment. The gain in copper exports was less than normal for the season, the total having been 38.5 million pounds. Outward shipments of nickel, after seasonal adjustment, were nearly maintained, the total having been higher than in any other October in the post-war period. Lead production showed a slight gain in the latest month for which statistics are available. A considerable increase was shown in the exports of zinc, the index rising from 182 to 206. Gold shipments to the mint and to external points were greater than in any other month, the total having been 363,900 ounces.

**Food Output Higher**

The manufacture of foodstuffs representative of the larger class of consumers' goods made an excellent showing in October. A betterment has now been shown for four months. The output of flour was considerably heavier and the sugar refineries were more active.

## Foreign Business

United States Department of Commerce summarizes foreign business as follows:

**United Kingdom**—Conditions generally prosperous through October, although an undertone of hesitancy became increasingly apparent.

**Belgium**—Seasonal fall advance has not assumed normal proportions. Gains registered in only a few branches of industry.

**Portugal**—Gains continued to predominate but rate of progress somewhat slower; agricultural yields good except for wheat.

**Finland**—Aside from a less favorable outlook in a few lines of business—notably timber—developments remain favorable.

**Greece**—Industrial activity maintained, crops good, foreign trade turn-over larger than last year.

**Union of South Africa**—Conditions remain generally healthy, with volume of imports sustained and financial conditions sound; agricultural prospects good and industrial activity shows no evidences of curtailment.

**China**—Traffic with interior cut off except by circuitous routes.

**India**—Business improved in September. Crop reports good from practically all sections; export commodities suffering from absence of foreign demand but import merchandise is moving well.

**Hawaiian Islands** — Retail and wholesale business generally satisfactory; exports of canned pineapple and juice expected to be the largest on record.

**Martinique**—Basic industries are in a healthy condition, owing largely to increased costs following the depreciation of franc; many merchants, however, laid in heavy stocks anticipating the currency change.

## Bankruptcies

The Canada Gazette reports meetings of the creditors in the matter of

Manitoba:
Pasikov, A., Brooklands.
New Brunswick:
McVay, W. A., St. Stephen.
Nova Scotia:
Douglas, Ltd., T. C., Halifax.
Ontario:
Kindy, B & G. B., Niagara Falls.
Veale, V. M., Toronto.
Long, H. R., Peterborough.
Hicks, P. E., Brantford.
Thompson, H. J., Timmins.
Quebec:
Zinman, Dame Z., Montreal.
Continental Cafeteria, Sherbrooke.
Harris, Dame S., Montreal.
Bean, N. G., Verdun.
Kattas, M., Montreal.
Grenier, J. A., Quebec.
Savon (Le) du Pays Inc., Ville Ste-Pierre.
Lacasse, J. A., Malachie.
Bouvier, R., Ste-Theordosie.
Couture, E., Montreal.
Bercovitch, M. C., Montreal.
Saskatchewan:
McMullen, A. C., Yorkton.
Worth, E. C., Abbey.


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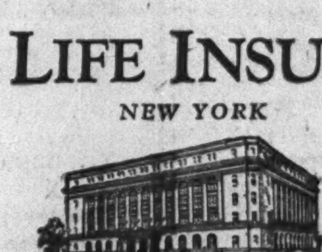

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CANADIAN HEAD OFFICE—OTTAWA

SERVING CANADA SINCE 1872

**Construction**

# City By-law Revisions Ignore National Plans

## Building Regulations Modernized to Meet Local Conditions as National Committee Drafts Code For Dominion

In face of current efforts to evolve uniform building regulations throughout Canada, several Canadian cities are continuing programmes of overhauling their building by-laws to adapt them more closely to modern usage and materials and local conditions.

Municipal officials are confident that such local conditions will continue to be the chief guiding influence in evolution of civic construction regulations, and prove a formidable obstacle to any general adoption of uniform by-laws.

A national committee to draft a standard set of regulations for general adoption was recently set up by the Dominion Fire Prevention Association. The committee is interested not only in prevention of fire hazards and facilities for control and escape in case of fire but in improvement and uniformity of building practice. As this work gets under way, at least two Canadian municipalities are remodelling their own by-laws to meet their own needs.

**Local Developments**

Only last week Toronto City Council approved amendment of six more chapters of its building by-law. Five other chapters had already been revised. The local committee in charge of this revision was formed in 1932 and does not expect to conclude its labors for at least two or three years. John B. Laidlaw, mortgage and insurance broker, is chairman.

Similar revision and co-ordination of Ottawa's building codes has been in progress for 18 months, in charge of a committee headed by John Cameron, building inspector. It is expected that consolidation of the regulations into a compact, modernized by-law will be complete and effective by next April. Main objectives of the work are to reduce public hazard to a minimum and zone the city for various classes of buildings. In recognition of the general plan for development and beautification of the capital, no skyscrapers will be permitted and the maximum height of buildings kept at 110 ft.

In Toronto, the six chapters, revision of which has just been approved, are those relating mainly to protection of workmen and the public during both demolition and actual construction of buildings, and to protection of inmates of buildings in use. The chapters cover the subjects of regulations to be observed during construction, demolition of buildings, excavation and shoring, fire escapes, fire extinguishing equipment and lumber and wood yards. The five chapters previously approved as amended dealt with live and dead loads (structural stresses), and use of cast iron, wrought iron, steel and concrete in construction.

There are 29 more chapters yet to be revised. The work in progress is largely aimed at elimination of unnecessary or obsolete provisions, and adaptation of regulations to modern conditions, methods and materials. No major or drastic changes have been made or are contemplated, but it is claimed that even, with the revisions thus far completed the city's regulations are as modern as possible without relaxing provisions aimed at public protection and structural soundness.

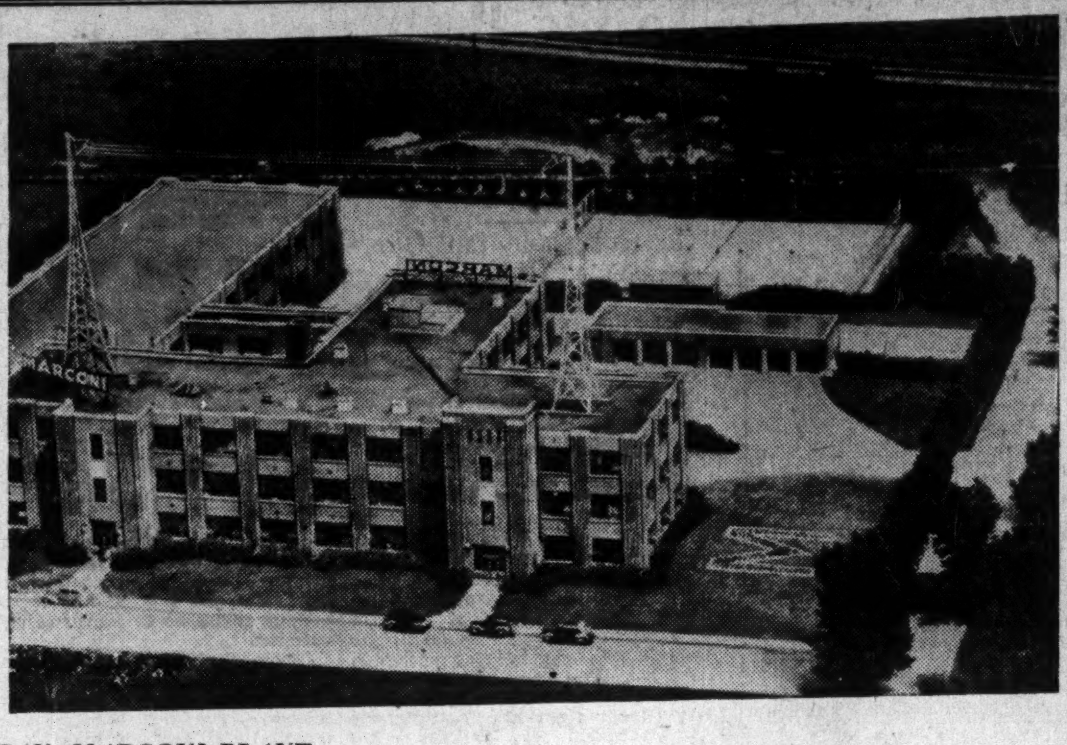
# Office Building Vacancy Low

## Occupancy Level Higher in Canada Than the United States

Occupancy of Canadian office buildings has increased from 87.85% to 88.59% since May and is at a level higher than in any region of the United States, according to a survey by the National Association of Building Owners and Managers, Chicago.

The Association bulletin reporting the survey, covering conditions as of Oct. 1, also showed that 47 buildings in five Canadian cities, with approximately 3 million square feet of floor space, reported normal occupancy of at least 90%. Altogether 783 buildings in 115 Canadian and American cities, with floor space of 64 million square feet, reported normal occupancy. This means that Canadian buildings with normal occupancy, though reporting from only 4.3% of the cities embraced in this phase of the survey, contributed 6% of the total of normally occupied buildings and 4.6% of normally tenanted floor space.

Normal occupancy prevails in buildings containing more than 30% of the 210 million square feet representing the total rentable area in 2,452 buildings, in 103 cities from which reports were received from three or more buildings. Reports on one or more buildings were obtained from 135 cities. In the 103 cities, average occupancy stood at 81.78% on Oct. 1, considerably below the Canadian percentage but higher than the occupancy of 80.94% on May 1 last and the low level of 72.43% on Jan. 1, 1934. Occupancy is now higher than at any time since May, 1931.



**CAN. MARCONI PLANT**

Completion of an addition to its Mount Royal, Que., plant at a cost of about $175,000, gives the Canadian Marconi Co. the largest plant in Canada devoted solely to the designing and manufacture of radio equipment. Shown above is the plant as it now appears, the new addition being the wing at the left of the picture. The new wing is devoted almost exclusively to the manufacture of radio receiving sets, the capacity being 600 sets daily. Total available floor space is 80,000 square feet. Erection of the new wing was necessitated by expanding business. At the present time the company is employing about 700 persons.

# Construction World

### Anticipation

A rising proportion of occupancy in apartment houses indicates that the time is approaching when apartment house construction may revive on a substantial scale, according to the report of the real estate securities committee of the Investment Bankers Association, submitted to that body's recent convention in White Sulphur Springs, W. Va. Extent of vacancy in office buildings is steadily decreasing, says the report, but lack of economic need makes it unlikely that much construction of this nature will be started in the near future.

* * *

### Institute Officers

At the recent annual general meeting of the Canadian Institute of Plumbing and Heating in Toronto, C. H. Ivey, of London, Ont., was elected president of the organization in succession to Thomas Robertson, of Montreal. Vice-presidents chosen were J. R. Leger, G. C. McAvity, and C. G. Sherman. The convention was well attended and was devoted largely to discussion of methods for stimulating and stabilizing construction activity, with particular reference to plumbing-heating installations.

* * *

### Building and Loan

According to a recent report of the Federal Home Loan Bank Board at Washington, 650 entirely new building, saving and loan associations have been created throughout the United States, largely as a result of the stimulus to such operations by the Board. The new groups have assets of $225 millions. In addition, 661 state chartered associations have been converted into organizations holding federal charters. The 1,311 associations of both groups have total assets of $1 billion.

* * *

### Housing Shortage

Port Arthur, Ont., is experiencing a shortage of housing accommodation that threatens to become acute by next year, according to a report in the Port Arthur News-Chronicle. Canvass of realty and renting agents revealed that offices with dwelling units listed for rent were few, and those with listings had only one or two available which they expected to be snapped up immediately. Sales of dwellings were not reported as rapid or as numerous as renting transactions, but were said to be brisker than usual.

* * *

### Housing Stimulus

A programme designed to give nation-wide stimulus to home building, to meet "an urgent national necessity," is being urged upon U. S. Government authorities by executive officers of the National Association of Real Estate Boards.

Believing that the majority of American families can provide down payments on house purchases amounting to only 10% of the price, the association is urging legislative amendments to permit insurance of mortgages up to 90% of the land-and-house value on units of $6,000 or less. It would also provide for insurance of bank loans to approved operative home builders, and reduction of interest on insurable mortgages from 5% to 4%.

The association has suggested to the Federal housing authority the encouragement of public utility housing companies.

**New Power Line**

**From Our Own Correspondent**

MONTREAL — Saguenay Transmission Co. subsidiary of Saguenay Power Co., is constructing a new transmission line between Arvida, and Garneau Falls, to prevent service interruptions when Chicoutimi and Ile Maligne are linked by power lines.

# *Urban Areas Lagging Behind Rural Building*

## Seasonal Drop for Cities 7% Greater Than for Canada as Whole

The cumulative total value of building permits issued in 58 cities of Canada during the first 10 months of this year showed a 26% increase over the same period last year, and was higher than the 10-month totals for the years 1932-35 inclusive.

The total of permits issued in October showed an advance of less than 3% in comparison with October, 1936, and a seasonal decrease of 13.7% in relation to September, 1937, according to a bulletin issued by the Dominion Bureau of Statistics. MacLean Building Reports figures for October, covering contracts awarded throughout Canada in both rural and urban areas, showed a 35% increase over October, 1936, a seasonal drop of only 7% below September of this year, and a 39% advance in the 10-month aggregate for 1937 in comparison with 1936.

**Urban Areas Lag**

The discrepancy between the two percentages would seem to indicate that construction in the urban areas covered by the D.B.S. survey is lagging behind Canada as a whole and particularly large industrial and engineering construction in rural districts. At the same time it is possible that slackening of business activity and stock market disturbances are resulting in deferring the start of actual construction for which permits would be required, even though contracts have been awarded.

The total of permits for the first 10 months this year was $47.1 millions, still below the average 10-month figure for the years 1920-36 of $102.8 millions and the total of $97 millions in 1931. The totals since 1931 were: 1932, $38.1 millions; 1933, $18.1 millions; 1934, $22.3 millions; 1935, $40.7 millions; 1936, $34.9 millions.

The below-average level of permit values so far this year cannot be entirely attributed to rising construction costs. The D.B.S. index number of building material wholesale prices for the first 10 months of this year was 94.4, higher than in equivalent periods in any year since 1929, but lower than in any other year since 1920.

**Total Smaller**

While the grand total of permits last month showed a decrease in relation to September, figures reported by 50 cities furnishing detailed statistics totalled $4.1 millions, compared with $3.8 millions in September. Comparisons between the same two months also produced increases in the divisional totals for Prince Edward Island, Manitoba and Alberta. Pronounced decreases in comparison with both September of this year and October, 1936, were shown by the Quebec total, the drops being 28% and 16% respectively.

## New Low-cost Gas Plant Planned For Owen Sound

Owen Sound plans to have a complete new gas plant constructed and in operation early next summer. Domestic gas rates will be substantially reduced as a result of lower costs, it is stated, thereby encouraging increased consumption. The new plant is expected to operate at a profit, in place of the annual loss of about $5,000, before some $3,000 depreciation allowance, shown in recent years.

The new three-oven unit costing $120,000 and a new gas holder of 100,000 cu. ft. capacity will be financed by issue and sale of $160,000 debentures, with principal and interest to be paid by the Public Utilities Commission.

## New Building

**Colgate-Palmolive-Peet Co., Toronto,** is receiving tenders for construction of an addition to its plant to provide facilities to take care of expanding business volume. The company plans to spend approximately $2[illegible],000 in an expansion programme extending over 18 months, the outlay to go largely for new equipment.

**Canadian Westinghouse Co.** plans to award contract shortly for large addition to its Hamilton, Ont., plant.

**Congregation of Grey Nuns,** Montreal, is reportedly planning expenditure of $400,000 for a 200-bed addition to its General Hospital at Edmonton.

**Recent contract awards** reported by Engineering and Contract Record cover the following projects:

**United Service Corp., Halifax,** new service station and showroom structure at estimated cost of $150,000.

**Dupuis Freres Ltd.,** Montreal, $183,000 programme of addition and alterations.

**F. W. Woolworth Co.,** Montreal, addition to St. Catherine St. W. store, estimated outlay $500,000.

**Toilet Laundries Ltd.**, Toronto, laundry plant and office building, $60,000.

**Premier Trust Co.,** Toronto, $100,000 office building on Richmond St. W.

**Ford Motor Co. of Canada,** $300,000 assembly plant at Burnaby, B.C.

**Canadian Liquid Air Co.,** Montreal, has awarded general contract for erection of factory at Sydney, N.S.

**A. Bradshaw & Son Ltd.,** Toronto, manufacturers and wholesale dry goods dealers plan an addition to cost $45,000 to the firm's warehouse and factory.

**Ontario Department of Public Works** has awarded contract at price of $85,000 for erection of first unit of new mental hospital at Port Arthur, Ont.

# Home Building Activity Seen

## Expert Predicts Increase in Medium Structures — Public Works Drop

Probability of a smaller volume of building in Canada next year as far as public work and large structures are concerned is foreseen by W. W. Goforth, manager of the Canadian Institute of Plumbing and Heating and former professor of economics and political science at McGill University, in an exhaustive analysis of the Canadian business outlook for 1938. His survey and findings are embodied in a recent bulletin issued by the Institute.

Other conclusions bearing particularly on the construction industry are:

"There is every likelihood that replacement and renovation of industrial plant and equipment will continue in at least the volume maintained during 1937.

"Middle class home building and renovation are likely to increase considerably with the opening of construction in the spring, as compared with the 1937 volume.

**Not Ready For Slum Plans**

"Slum clearance and low cost housing have not yet reached the point of practical application, although much thought is being given to both of these projects. We do not anticipate any serious building effort in these categories during 1938, although the social need for them definitely exists."

In citing the various favorable and unfavorable factors on which he bases his conclusions, Mr. Goforth says, in part:

"We feel that the Canadian public is still 'underbought' on its cumulative postponed purchases of the past seven years, particularly in regard to plumbing, heating and allied products. Convincing evidence is available that necessary and cumulative industrial rehabilitation has just commenced and is only temporarily delayed by recent security recessions.

"In 1929 we faced a surplus of over 25,000 dwelling units in relation to families. Now we still have a deficit of 75,000 dwelling units. The Home Improvement Plan has thus far only affected a small fraction (8%) of the Canadian homes which seriously needed renovation and modernization. The construction industry has lagged about two years behind the general process of business recovery in Canada, and about the same time behind the recovery of construction and housing renovation in the United States. Even if general business stands still in 1938, we have a lot of slack to catch up."

## B. C. Pulp and Paper Completing Expansion

**From Our Own Correspondent**

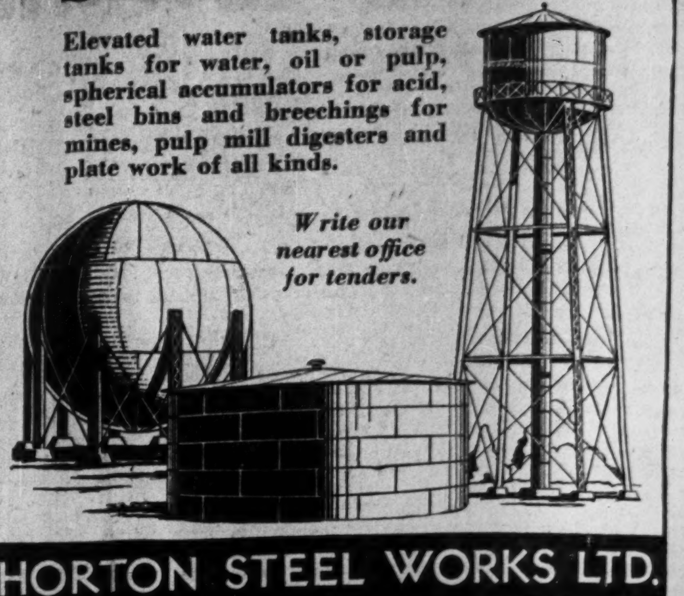
MONTREAL. — New installations and improvements to plants of B. C. Pulp and Paper Co. at Port Alice and Woodfibre are rapidly nearing completion.

Over the past year the company has spent large sums of money on improving its plant and equipment, with the result that it is expected that there will be a marked increase in output for 1938.


STEEL TANKS

Elevated water tanks, storage tanks for water, oil or pulp, spherical accumulators for acid, steel bins and breechings for mines, pulp mill digesters and plate work of all kinds.

*Write our nearest office for tenders.*



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DOMINION OILCLOTH & LINOLEUM CO. LIMITED MONTREAL

HOW MUCH OF YOUR OVERHEAD IS *UNDERFOOT?*

Abitibi Power & Paper Company, Limited

TORONTO, ONT.

Owning directly or through subsidiary companies, mills at

Beaupre, Que. Sault Ste. Marie, Ont.
Sturgeon Falls, Ont. Iroquois Falls, Ont.
Espanola, Ont. Smooth Rock Falls, Ont.
Pine Falls, Man. Fort William, Ont.
Port Arthur, Ont.

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High Grade Bleached Sulphite Pulp

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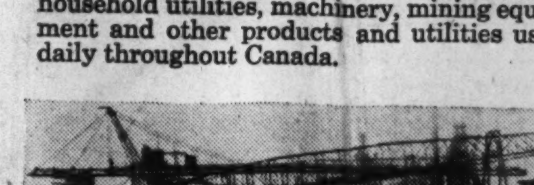
"Men of Algoma" maintain Quality all the way through the process from iron ore to finished product. At every stage and in every state, Algoma steel is relentlessly watched . . . analysed . . . hammered . . . twisted . . . pulled . . . tested for standards established by Algoma's thirty-six-year name for dependable products. Quality and Dependability through and through fit Algoma steel for use in automobiles, rails and railroad equipment, buildings, bridges, docks and drainage structures, household utilities, machinery, mining equipment and other products and utilities used daily throughout Canada.



*Each year 1,500,000 to 2,000,000 tons of coal, iron ore, limestone and other raw materials arrive at Sault Ste. Marie for the Algoma ovens, furnaces and mills to process. (Above) Unloading a large lake freighter at Algoma docks.*

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ALGOMA STEEL

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3. Supply facts rather than opinions.

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3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

*Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.*

### Winnipeg Electric "A"

Will you please let me have your views on the class A stock of Winnipeg Electric Co.

Winnipeg Electric carried out its reorganization in 1935 as a result of which the class A stock is still a long way from dividends. At present the company is paying interest on its first mortgage bonds and on the general mortgage bonds. However, there is no assurance that it will continue to pay interest on the series B general mortgage income bonds. Further, no dividends have been paid on the preferred stock while no distribution can be made on the capital stock until the company has redeemed over $1.9 million of contingent certificates.

### Jones Bros.

Can you furnish details of the reorganization plan recently completed by Jones Bros. of Canada, Ltd.?

Under the Jones Bros. of Canada, Ltd. reorganization plan, a new company, Jones Bros. Co. of Canada, has been incorporated under Dominion laws to take over the business and assets. Bondholders are now asked to exchange each $1,000 of 6½% first mortgage bonds, due Nov. 15, 1936, for $500 of new 6½% first mortgage 20-year sinking fund bonds, plus 50 new preference shares of $10 par value and 20 new common shares of no par value. Each old 6½% cumulative preference share, series A, of $100 par value is to be exchanged for five new common shares, and common shares are to be exchanged on a basis of one new for five old shares. Issued capital on completion of the exchange will consist of $128,900 bonds, $152,000 preferred and 28,016 common shares. New bonds are quoted in bundles consisting of $1,000 of bonds plus 50 new preferred shares and 20 new common shares, at around $400 per bundle.

### Godfrey Realty

Please give me a report on the exchange of securities to be made under the Godfrey Realty Corp. reorganization plan.

Plan of reorganization for Godfrey Realty Corp., as approved by bondholders on Sept. 30, provide that all defaults shall be waived and certificates of indebtedness cancelled Holders of present 6% first mortgage bonds due June 1, 1942, are to receive an equal amount of 4% bonds due June 1, 1952, and one new common share for each $500 of bonds. The first semi-annual interest payment on the new bonds is to be made Dec. 1, 1937. Holders of second mortgage bonds receive 28 new common shares for each $2 650 of bonds held. Common shareholders receive 28 new common shares for every 250 shares now held. The new bonds are quoted at around $450 bid, for a bundle of one new $1,000 bond together with 20 new common shares.

### Building Products

What is the present earnings position of Building Products Ltd.?

Building Products Ltd. reported sales for the first six months of the current year running about 25% higher than for the corresponding period of 1936. It is presumed that profit will also be on an increased scale. The company has established a regular annual dividend rate of $2 a share and paid an extra of 25 cents a share on October 1. Earnings for 1936 were $2.24 a share. The company has received considerable assistance from the Home Improvement Plan and the somewhat more active building industry on which it is dependent for its business.

### Pressed Metals

What is the earnings record of Pressed Metals and what is the nature of its business?

Pressed Metals of America, Inc., has a record of substantial improvement in earnings over the past four years. Net profits available for dividends on the common stock were equivalent to 36 cents a share in 1934, $1.60 in 1935, $2.58 in 1936 and to the end of October, 1937, sales have about doubled those for the corresponding period of 1936. It is estimated that net profits for the full year 1937 will be at least $500,000 as compared with $520,558 last year. The company is paying dividends at the regular rate of $2 a share annually. It specializes in the manufacture of automobile parts. A period of increasing automobile sales, therefore, is one in which the company makes substantial profit. There is always, however, the risk that some other manufacturer may develop products which will have some special advantage over those made by Pressed Metals. To date the company has been successful in meeting competition of this nature. The substantial gain in sales of the past few years has made necessary the raising of additional capital and the company is offering shareholders rights to buy additional shares at $20 a share on the basis of one new share for each eight shares held on Nov. 20. This will result in raising over $300,000 if all rights are taken up.

### Price Bros.

I would like to have a report on the common stock of Price Bros. and Co. Is the company paying any dividends on this issue?

Prospects of Price Bros. and Co. for the current year are better than they have been for some time. On the other hand, the immediate output for the newsprint industry is not as clear as it might be. There is some question of the ability of the manufacturers to enforce the $50 a ton price for newsprint during the first half of 1938, while the demand for paper has shown signs of easing off. However, sales in the period immediately ahead should continue to be on a satisfactory basis, while even if it is necessary for the company to meet a competitive price of $48 a ton for newsprint, earnings should be on a better basis than they have been for some time past. Unofficial reports are that Price Bros. will earn at least $2.50 a share on its common stock this year. There is no assurance of a dividend being paid; in fact, expectations are that the company will build up its working capital position rather than distribute surplus profits at this time.

### Rolland Paper

Could you give me some information about Rolland Paper voting trust stock. What is the market bid price on this issue? What shape is the company in?

Rolland Paper Co.'s record of operations and earnings has been consistently satisfactory. Last year it earned 85 cents a share on its common, the best reported since 1930. At present the company is paying 25 cents a share quarterly. Reports from the fine paper industry of late have not been altogether satisfactory; indications are that there has been a slowing up in demand with a consequent restriction in operations. During the first half of the year, however, the company enjoyed a good volume of business and it is expected that the financial statement for 1937 will compare favorably with that for 1936. One draw-back to investment in the Rolland Paper voting trust certificates is the rather restricted market for the security. At present there is a bid of 16¾ on the certificate while asked price is 20. This large spread reflects a lack of demand.

### Steel of Canada

Please let me know what you think of Steel Co. of Canada ordinary shares.

Steel Co. of Canada common is well regarded as an investment medium. The company, which was established in 1910, has a favorable record of operations and earnings. Dividends have been paid on the common stock every year since 1916. Currently the company is in a strong financial position with current assets of $21.2 millions as against current liabilities of $3.6 millions. Last year the company earned $5.29 a share on its ordinary stock, which permitted the payment of a regular dividend of $1.75 and $2 to equalize the dividend between the preferred and ordinary shares. Current reports are that earnings are well maintained and that income for 1937 will be as large as in 1936. In that event, it is anticipated that the company will again pay another equalizing dividend of possibly $2 a share.

### McColl Frontenac

Your comments on McColl Frontenac Oil Co. would be appreciated.

McColl Frontenac Oil Co. earnings in the year ended Jan. 31, 1937, were disappointing, net rofit amounting to 45 cents on the common stock, which necessitated a reduction in the dividend from 80 cents to 40 cents.

In a letter mailed to shareholders at the beginning of the month of November it is stated that for the first eight months of the current fiscal year, net profits amounted to 74 cents a share on the outstanding common. For the remaining four months of the fiscal year, the president stated that earnings are largely dependent on weather conditions. The trend of earnings, as reported by the company, has been downward for the past several years.

### Canada Malting

I should appreciate a brief report on the financial position and dividend record of Canada Malting Co., Ltd.

Canada Malting Co., Ltd., had net working capital of $3 millions as at Dec. 31, 1936. Inventory of malt, barley, etc., was by far the largest current asset, at $4 millions, since December is the high inventory period of the year. For the same reason, a bank loan of $1.2 millions was shown at that time. Outstanding capital is confined to 198,972 common shares on which earnings were $2.86 a share in the year ended July 31, 1934, $2.86 in the 12 months ended July 31, 1935, and $4.51 in the 17 months ended Dec. 31, 1936. Quarterly dividends at the rate of $1.50 per share per annum have been paid without interruption since March 15, 1928, and extras of 50 cents each were paid Dec. 15, 1935 and 1936. The last regular payment was 37½ cents on Sept. 15, 1937, which was payable to holders of bearer share warrants on coupon No. 39.

## Buying U.S. Investments

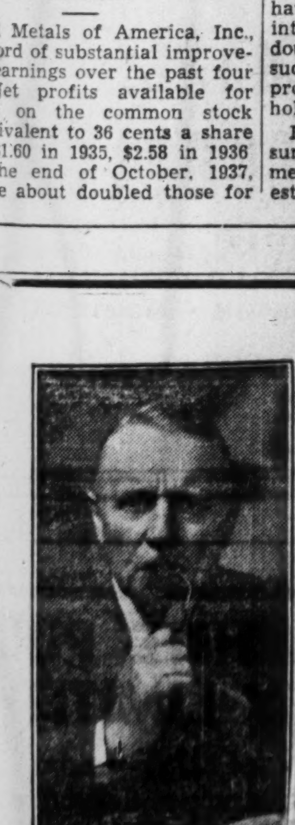
Aside from ordinary risks of investment and business, am I running any risks of discriminatory legislation as a Canadian investing in stocks of United States companies?

The Financial Post, of course, is not in a position to forecast what legislation may be passed by the United States Government, but it hardly appears likely that discrimination will be shown against Canadians. United States investors also have a very substantial investment interest in Canada and would undoubtedly oppose any move toward such discrimination which would probably react unfavorably on their holdings.

By an agreement completed last summer the United States Government imposes a 5% tax on all interest and dividends paid to Canadians by American companies. This marks a reduction from the rate of 10% imposed on similar payments to citizens of other countries than Canada as a result of the Reciprocal Tax Convention.

Fluctuations in exchange values have in the past been an element of considerable risk but at present this does not present a serious problem.

Legislation passed in the United States, such as the tax on undistributed corporate surpluses, the tax on capital gains of speculators or investors, and the social security laws, have affected industries in that country but cannot be considered in any way discriminatory against Canadian investors. Their effect is more indirect in that industrial costs have been increased, industrial policies disturbed by uncertainties and security markets hindered in following what was formerly considered natural trends.

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## Ogilvie Widens Share Interest

### Meeting Shortly to Approve 8 for 1 Split—Pay Bonus on Stock

From Our Own Correspondent

MONTREAL. — Shareholders of Ogilvie Flour Mills Co. will meet shortly to consider recommendations that the common stock be split eight for one.

Announcement to this effect was made at the shareholders' annual meeting, when it was also stated that a bonus of $2 a share would be distributed on the common stock, payable Jan. 2 to shareholders of record Dec. 15. Further the directors have authorized a bonus at the rate of 5% of annual wages to all employees on the company's payrolls not less than 12 months, excepting those paid on a monthly salary basis.

In enlarging upon the recommendation to split the stock eight for one, J. W. McConnell, president, stated:

"From time to time in the past, the question of dividing the capital stock of the company into smaller units has been put forward by various shareholders.

"That there are definite advantages, alike to the shareholders and the prospective investor, in lower priced share units must be admitted. To the shareholder, a freer market for his security would be assured, with less likelihood of drastic fluctuations in times of financial depression, while to the prospective investor, more particularly to the small investor, the shares would be more readily available.

"Drastic fluctuations in high-price shares are practically unavoidable in the event of stock being suddenly pressed for sale upon the market. For this reason lower priced stocks become more popular and appear to be in greater favor with investors generally."

At present Ogilvie Flour Mills has outstanding 75,000 shares of no par value common stock. When the split it authorized, the number of shares outstanding will be increased to 600,000, on which the book value on each will be $27.20 a share. Current market value of the present stock is 225.

***POWER DIRECTOR***

C. S. Bagg, vice-president and general manager of Montreal Light, Heat and Power Consold., who has been elected a director to succeed the late George Caverhill.

## Nanaimo-Duncan Stock on Market

### Voting Trust Certificates Offered to Public at $15 a Share

From Our Own Correspondent

MONTREAL.—W. C. Pitfield and Co. are making a public offering of Nanaimo-Duncan Utilities Ltd., voting trust certificates for the common stock at $15 a certificate. These certificates are not newly created, having been issued at the time the company carried out a public offering of preferred stock.

Nanaimo-Duncan Utilities supplies electric light and power service to a population of approximately 15,000 on the east coast of Vancouver Island and serves the municipalities of Duncan, Ladysmith and Nanaimo. It supplies the city of Duncan with water. During the past year the company also extended electric service to Salt Spring Island, the cost of the new extension being financed in part through the sale of additional first mortgage bonds.

**Revenues Show Gain**

Revenues of the company have shown a consistent increase in the last three years. During the 11 months ended June 30, 1935, net earnings on the common stock amounted to 84 cents a share. In the following year net income increased to 87 cents a share, while for the 12 months ended June 30, 1937, the financial statement showed $1.09 a share earned on the common stock.

For the first three months of the current fiscal year, net earnings on the capital stock increased $5 917 compared with a like period in 1936, a gain equivalent to over 23 cents a share on the common stock for the three months' period.

Voting control of the company is vested in the certificates. The Board of Trustees consists of three members: Ward C. Pitfield, Hugh McKay and Stanley Burke.

## Sherbrooke Realty Carries Out Plan

### Reorganization Results in Sharp Reduction in Capital

From Our Own Correspondent

MONTREAL.—Sherbrooke Street Realty Corp. has taken out supplementary letters patent confirming the reorganization plan approved by the security holders last September.

The plan provides that the rate of interest on the present 6½% first mortgage bonds will be reduced to 3½% per annum from May 1, 1937, to April 30, 1942, and thereafter to 4%. Maturity of the bonds is extended from November 1, 1940, to May 1, 1952.

Further the plan provides that the second mortgage income bonds, totalling $150,000 are to be discharged, and promissory notes, and principal amount of $7,787, and all accrued interest, cancelled.

**Adjust Share Capital**

Share capital of the company has been reorganized and now consists of 6,009 common shares of the par value of $5 each.

Holders of first mortgage bonds receive 1,190 shares on the basis of one share for each $500 principal amount of bonds.

The outstanding preferred, amounting to 3,455 shares is converted into 1,152 common shares, and the 6,000 old common shares are converted into 60 new common shares.

The balance of the shares are issued to holders of the second mortgage income bonds.

## Rothermere Leaves Board Anglo-Newfoundland Co.

From Our Own Correspondent

MONTREAL. — Viscount Rothermere has resigned as a director of the Anglo-Newfoundland Development Co.

The company, controlled by Associated Newspapers Ltd. in which Rothermere has a large interest, was formed to acquire the undertaking and assets of the company of the same name formed in 1905 to erect pulp and paper mills in Newfoundland to supply the "Daily Mail" and associated companies with newsprint. It has a contract with Associated Newspapers to supply all that company's newsprint requirements for 25 years from January 1, 1933


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Companies with investments in Manitoba and Saskatchewan are invited to correspond with us.



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## Inventory Up For Seagrams

### Over 73 Million Gallons on Hand — Sales Show Increase

From Our Own Correspondent

MONTREAL. — Sales volume of Distillers Corp.-Seagrams Ltd. for the first quarter of the current fiscal year was in excess of the corresponding period last year, according to a statement made by Samuel Bronfman, president, at the annual meeting of shareholders.

Shareholders were told that Seagrams stocks of whisky, gin and other spirits on hand at the end of the last fiscal year, July 31, totalled over 73 million U. S. proof gallons; 16 million of which were maturing in the United States. Production programme of the company, said Mr. Bronfman, was shown to have reached a stage where production now is largely for replacement of sales.

Attention of the shareholders was drawn to the increased demand for blended types of whisky. Mr. Bronfman said the increase in consumption of all spirits for the Government's fiscal year ending June 30 amounted to approximately 15%, while the increased consumption of blended whiskies amounted to approximately 35%. Further he said this is gratifying inasmuch as the company was the leader in that field and had increased its case sales of blended whiskies almost 50%.

### International Paper Co. Pays $2.50 on Preferred

From Our Own Correspondent

MONTREAL.—Directors of International Paper Co. have declared a dividend of $2.50 a share on the company's outstanding cumulative 7% preferred stock to apply on cumulative dividend arrears. The dividend is payable Dec. 10 to shareholders of record Nov. 26.


**Province of New Brunswick**

**4% Debentures, due November 15, 1947**
(Callable on or after November 15, 1945)

**Price: 99.75 and interest, to yield 4.03%**

These debentures will be payable as to both principal and interest in lawful money of Canada or at the holder's option in lawful money of the United States of America.

*These debentures will be exempt from taxation imposed in New Brunswick for all Provincial, Civic, Municipal and School Purposes, except Succession Duties.*

**DOMINION SECURITIES CORPORATION LIMITED**

TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.

*15 King Street West, Toronto*



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LONDON, CANADA
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DEPOSITS ACCEPTED DEBENTURES ISSUED

Mortgage loans on owners' homes at low rates of interest

Capital (Fully Paid), $2,000,000 Reserve Fund, $2,400,000



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61 YONGE ST., TORONTO · J. F. HOBKIRK, MGR.


# IMPERIAL BANK OF CANADA

## 63rd ANNUAL STATEMENT

***Year Ending October 30th, 1937***

**Profit and Loss Account**

| | | |
|---|---|---|
| Profits for the year ended 30th October, 1937, after providing for | | |
| Dominion and Provincial Taxes | $292,166.52 | |
| Staff Pension and Guarantee Funds | 82,500.00 | |
| and making appropriations to contingent accounts, out of which accounts full provision for bad and doubtful debts has been made | | $967,977.19 |
| Dividends at the rate of 10% per annum | | 700,000.00 |
| | | $267,977.19 |
| Written off Bank Premises | $100,000.00 | |
| Reserved for contingencies | 150,000.00 | |
| | | 250,000.00 |
| Balance of Profits carried forward | | $ 17,977.19 |
| Profit and Loss Balance 31st October, 1936 | | 620,055.53 |
| Profit and Loss Balance 30th October, 1937 | | $638,032.72 |

**BALANCE SHEET**

**Liabilities**

| | | |
|---|---|---|
| Notes in Circulation | | $ 6,044,775.00 |
| Deposits by and balances due to Dominion Government | $ 2,378,936.34 | |
| Deposits by and balances due to Provincial Governments | 6,348,274.50 | |
| Deposits by the public not bearing interest | 32,262,890.04 | |
| Deposits by the public bearing interest, including interest accrued to date of Statement | 91,207,987.56 | |
| | | 132,198,088.44 |
| Deposits by and balances due to other Chartered Banks in Canada | $ 1,567,841.47 | |
| Deposits by and balances due to Banks and Banking Correspondents in the United Kingdom and Foreign Countries | 3,105,427.92 | |
| | | 4,673,269.39 |
| | | $142,916,132.83 |
| Acceptances and Letters of Credit Outstanding | | 936,888.35 |
| Capital Paid Up | $ 7,000,000.00 | |
| Reserve Fund | 8,000,000.00 | |
| Dividends declared and unpaid | 176,365.48 | |
| Balance of Profits as per Profit and Loss Account | 638,032.72 | |
| | | 15,814,398.20 |
| | | $159,667,419.38 |

**Assets**

| | | |
|---|---|---|
| Gold held in Canada | $ 719.66 | |
| Subsidiary Coin held in Canada | 277,187.34 | |
| Notes of Bank of Canada | 4,624,189.00 | |
| Deposits with Bank of Canada | 8,090,465.69 | |
| Notes of other Chartered Banks | 307,905.00 | |
| Government and Bank Notes other than Canadian | 106,211.91 | |
| | | $ 13,406,678.60 |
| Deposit with the Minister of Finance for the security of note circulation | | 308,137.96 |
| Cheques on other Banks | | 6,466,452.89 |
| Deposits with and balances due by other Chartered Banks in Canada | | 619,304.23 |
| Due by Banks and Banking Correspondents elsewhere than in Canada | | 2,516,932.22 |
| | | $ 23,317,505.90 |
| Dominion and Provincial Government direct and guaranteed Securities maturing within two years, not exceeding market value | $11,750,146.32 | |
| Other Dominion and Provincial Government direct and guaranteed Securities, not exceeding market value | 38,533,500.44 | |
| Canadian Municipal Securities, not exceeding market value | 4,165,148.61 | |
| Other Bonds, Debentures and Stocks, not exceeding market value | 110,930.64 | |
| | | 54,559,726.01 |
| Call and Short (not exceeding thirty days) Loans in Canada on Stocks, Debentures, Bonds and other Securities, of a sufficient marketable value to cover | $ 6,166,163.58 | |
| Loans to Provincial Governments | 5,967,423.02 | |
| Loans to Cities, Towns, Municipalities and School Districts | 6,458,544.38 | |
| | | 18,592,130.98 |
| Current Loans and Discounts in Canada, not otherwise included, estimated loss provided for | | 55,168,477.28 |
| Non-current Loans, estimated loss provided for | | 338,768.84 |
| Real Estate other than Bank Premises | | 260,060.12 |
| Mortgages on Real Estate sold by the Bank | | 372,282.91 |
| Bank Premises, at not more than cost, less amounts, if any, written off | | 6,000,000.00 |
| Liabilities of Customers under Acceptances and Letters of Credit as per contra | | 936,888.35 |
| Other Assets not included under the foregoing heads | | 121,578.99 |
| | | $159,667,419.38 |

A. E. PHIPPS,
*President.*

H. T. JAFFRAY,
*General Manager.*

**AUDITORS' REPORT TO SHAREHOLDERS**

We report to the Shareholders of the Imperial Bank of Canada:—

That we have examined the above Balance Sheet as at 30th October, 1937, and compared it with the books and vouchers at Head Office and with the certified returns from the Branches. We have obtained all the information and explanations that we have required, and in our opinion the transactions of the Bank which have come under our notice have been within the powers of the Bank.

In our opinion the Balance Sheet discloses the true condition of the Bank, and is as shown by the books of the Bank.

The above Balance Sheet does not include money which has been set aside by the Shareholders from time to time for the purpose of a Pension Fund.

A. B. SHEPHERD, F.C.A.
of Peat, Marwick, Mitchell & Co.
W. D. GLENDINNING, C.A.
of Glendinning, Gray & Roberts.

Toronto, 16th November, 1937.

# A Lull for Alberta

## Albertans Wait Result of Court Action on Social Credit Legislation — Aberhart Reported Seeking Support of "Progressive" Liberals — May Broaden Appeal

From Our Own Correspondent

EDMONTON. — Albertans look forward to a period of several months in which comparative peace will exist, following announcement from Ottawa that three Social Credit bills would be considered by the Supreme Court.

The bills, on which Lieutenant-Governor J. C. Bowen reserved assent, comprise the main elements of the Aberhart economic programme. The Credit Regulation bill, involving the principle of provincial control of credit transactions within the province, was the keystone of the Social Credit programme laid down by the two Douglas agents in Alberta, G. F. Powell and L. D. Byrne. The Bank Taxation Act, besides being a likely instrument for coercing the banks, involved the principle according to its sponsor, Hon. E. C. Manning, that banks could write a cheque for any amount on themselves without cost in order to pay taxation. The third bill, the Accurate News measure, involved the question of freedom of the press, according to a consensus of informed opinion on it.

Thus the main issue to be laid before the Supreme Court, in its widest terms, is whether or not Alberta possesses the powers required to establish the system of Social Credit, as laid down by the experts hired for the purpose of drawing up a plan. In its political aspects, this feature of the Supreme Court reference and what comes out of it, may well determine the immediate political trends in Alberta. Should the bills be found to be beyond the powers of the province, the position of Premier Aberhart would plainly be that he had carried the campaign for a Social Credit system in Alberta as far as it could go.

The reference on the three bills, combined with the reference announced earlier on the abstract question of the validity and limitations of the Federal veto, are expected also to dispose of the constitutional and jurisdictional issues raised by the Aberhart programme, which have held Alberta in boiling controversy for some time. A paramount contention of the Aberhart Government has been that the credit powers claimed under the Credit Regulation bill are not an infringement of the constitution, and the bill itself specifically exempts banking transactions placed under Federal control by Sec. 91 of the B. N. A. Act.

The Alberta Government seeks a ruling on the present status of Federal veto powers, and is believed to be anxious also to have the power of the Lieutenant-governor to reserve assent examined at the same time.

### Aberhart Broadens Appeal

While the court ruling at Ottawa undoubtedly will mark a new phase in the Aberhart monetary programme, a new note in politics has begun to emerge in Alberta. Recently Premier Aberhart broadened his appeal for support to include "progressive Liberals." The Aberhart service in the Prophetic Bible conference appears to have undergone a toning down of its treatment of political issues and personalities.

Whether or not Mr. Aberhart is now prepared to transfer the emphasis of his programme from Social Credit to a broader and more general policy of social and monetary reform, is scarcely clear as yet, but his invitation to progressive elements to join him shows the way the wind is blowing. Under the circumstances in which the Social Credit programme has reached the Supreme Court for examination, that programme appears to many Aberhart critics to be near its finish.

In view of arrangements to admit relevant evidence in the Supreme Court, the case advanced by Alberta on behalf of its bills is awaited with keen interest. In a letter to Prime Minister King, Premier Aberhart advanced the view that the credit control objective of the programme was "a moral one." The Social Credit Government, the latter said, wished to bring out "the facts" about banking practice. This is believed to mean that an attempt would be made to demonstrate that current credit operations are anti-social. The defense of the bank taxation bill should be interesting, involving the claim that funds cost the banks nothing.

—Photo—Notman.

**EXCHANGE MEMBER**

J. Stephen Oppe, partner in Smith, Fairbanks & Co., who has been elected a member of the Montreal Stock Exchange.

# Alberta's Changing Front

(Continued from page 1)

is almost inevitable. We believe the same thing true elsewhere in the province, but as the Government clearly has no intention of resigning or calling an election, the only method of getting one is for the Lieutenant-Governor to dismiss the administration."

**G. A. Sales—The Vulcan Advocate:**

"In the riding of Little Bow and in the province generally, there has undoubtedly been a weakening in the Social Credit ranks. Residents are seeking concrete evidence of election platform promises, which, of course, are not forthcoming. The People's League are daily getting a stronger foothold and in the known instances have selected a much stronger and more substantial slate of officers than those representing the S. C. groups."

**H. T. Halliwell—Coleman Journal:**

"Aberhartism unquestionably is on the decline, though the Bible Institute prophet tries to bluff the people in his broadcasts that he is still endeavoring to end poverty in the midst of plenty by shadow boxing the banks and the press. Social Crediters are not so enthusiastic in holding meetings as they were when they were clambering on the band wagon... The burlesque of Alberta's fanatical school of economics and Gilbertian politicians should by right end quickly, but they simply won't quit as many never had such good incomes as they have now."

**G. Y. McLean—Crossfield Chronicle:**

"What a change there has been recently in the province, but we don't want to plume ourselves yet that we have weaned the biggest majority away from Social Credit ...Many have crossed over since the last survey made by The Financial Post. If the Opposition will place one candidate in each constituency, we feel there is a better chance than ever for victory. Division in any constituency means defeat."

**The MacLeod Gazette:**

"The situation has changed materially since August and it is possible at the present time that if an election were held Aberhart would be defeated. But he is still very strong, especially in the rural districts of the country, where debt legislation and persecution of business interests have proved popular. In the constituency of Macleod we feel that an Aberhart candidate can be defeated, while two months ago we felt very doubtful about this. In the province as a whole, Aberhart could still win many seats.

"But in forecasting a future election, it must be borne in mind that Mr. Aberhart can go on the air and make many more vote winning promises and probably win back as much support as he has lost... The feeling against the old parties still prevails and distrust of the old parties has been responsible for Alberta's present condition. Just why Alberta should lead the Dominion in distrust of the old parties is hard to understand, as they have had practically nothing to do with the old parties for 16 years, but it has been preached to them so long that the old parties were crooked that Albertans believe it."

**J. C. Cottrell—The Cereal Recorder:**

"I am quite firmly convinced that if an election be held in the near future there is strong probability that any candidate running in opposition to the present Government would be elected. In the province generally I feel justified in predicting that if at any time an election were called the present Government would be defeated... A few months delay, giving the Opposition time to get together, would be an added aid to success."

**A. Z. Jessup—Nanton News:**

"The Government appears to be losing support, but whether the change is as great as it appears on the surface is doubtful. The importance of noise may be over-estimated... We now have an audible and visible opposition, but it is not safe to depend too much on the noise. Aberhart has lost strength and Social Credit has lost strength, undoubtedly, but Aberhart still has a following of worshippers who think him under Divine guidance. The insurgents of last spring are mostly back in the caucus again and tied up with the 'secret' pledge. Aberhart still plays first fiddle, but who writes his score? They have to keep him as leader of the orchestra ...I have no doubt that this riding —Nanton-Claresholm—will go against Social Credit."

**R. L. Mills, The Carstairs News:**

"Many former converts to the school of Social Credit have joined the mass who are groping in a mental fog as to just who to turn to to get any relief from their present plight. Failure of the old parties to cope with the situation has caused a great many to lose faith in them and this, together with a constant stream of oratory let loose by the present Government, has left the average citizen in a maze. He still believes the present Government is as good or better than the old parties. An election at present would no doubt result in the Government losing many seats, but it is a question whether they could be defeated."

**The Review, Coronation:**

"There appears to be a definite turning away from Social Credit here. It is impossible to say definitely, but there are many indications lending proof to a falling-away from the Social Credit party in the province generally. Our people do not seem to be behind Aberhart's sensational legislation."

**C. L. Willis, Stettler Independent:**

"I cannot see any material change in the situation. The protest meetings against the Government have served to fuse the Opposition to this extent: that a single Opposition candidate will probably be chosen in this constituency and in most constituencies in the province. But Opposition candidates have a long way to go to win out. The farmers feel that they are being exploited.. The chief complaint at present being livestock prices and mortgage interest. Therefore, there is a hope for anything that promises a change. Social Credit meetings are still crowded, although there are a lot more people who are indifferent or opposed."

**M. Leathley, Bashaw Star:**

"The storm appears to have blown over for the time being, but there still remains much prejudice against the Aberhart administration, for the revolutionary bank and press bills. There is a tenseness while the validity of these Acts remains uncertain."

**W. J. Huntingford, the Wainwright Star:**

"In the riding of Wainwright, the old line parties are apparently fairly willing to sink many of their differences in this terrible struggle for a true democracy . . . Speaking of the plight of Canada, it would seem to the writer that only in some drought districts will the sitting member stand even a 50-50 chance of re-election, more especially if the foolishness of the bank and press legislation is placed where it rightly belongs—on the fire! . . . I feel personally that the opportunity to oust the present autocracy at Edmonton will be willingly accepted by the majority of the voters by the time the election is held."

**J. H. Salton, the Castor Advance:**

"Taking the Stettler constituency as a whole, Social Credit has lost many supporters who were strongly Aberhart some three months ago. There are a great many Social Crediters who are not in favor of press controll."

**Archibald F. Key, the Plain Dealer Press, Drumheller:**

"Given a choice between an Aberhart candidate and a Progressive candidate representing no particularly party but who stood for a readjustment of public and private debts, the Aberhart Government would go down to defeat in the southern portion of Alberta at least. Certainly in the Drumheller constituency largely made up of miners, Social Credit would be roundly defeated in a straight fight . . . Unfortunately labor and the left wing of the U. F A. cannot see eye to eye with the People's League. If these two political units could reach some understanding whereby some other social reform could be included in a unity platform, the United opposition could afford to ignore Mr. Aberhart's Progressive Liberals and have reasonable assurance that victory could be secured."

**Wilburn A. DeWolfe, the Consort Enterprise:**

"The situation is materially changed in my riding and in the province generally, in fact it has improved considerably since Mr. Knowles's broadcast and accompanying advertising. Many people have looked further into the banking service and the methods employed and practically all are convinced that Canada has the best banking system in the world—for the bankers. The activities of the People's League have also improved the situation here and not a few Liberals, Conservatives and U. F. A. members are siding in with Social Credit."

**S. R. Hodson—Okotoks Review:**

"If Aberhart himself were to run in this constituency he would be snowed under and the party would also be defeated. Aberhart would have been recalled here but the party took fright and repealed the recall act. . . . The conviction of the two Social Credit propagandists is another bad blow. Social Credit is on the toboggan in Alberta and the only thing that would save it would be for the Opposition to be divided into more than one party."

**E. C. Fletcher—The Optimist Press, Red Deer:**

"I do not think that an election would be wise at this writing, or even three months from now. We are prepared to put up with it a little longer and when an election is called I believe that the people who are still worshipping the man who holds the highest office in the gift of the province, will also see to their satisfaction that a change is necessary, a change to a sound, businesslike administration . . . I believe that people who voted for the Aberhart candidates in Aug., 1935, are getting thoroughly sick of the whole business."

**Arthur Wheeler—The Acme Sentinel:**

"The people of Alberta are determined to obtain control of their own credit. There is no good reason why people should live in a state of poverty in the land of plenty. In Alberta we are blessed with an abundance of natural resources. Therefore, the only thing necessary for prosperity is credit or a medium of exchange to develop and distribute these resources to the benefit of the people.

"Could you explain why the financial interests are so concerned about Alberta, since the election of a Social Credit Government in this province? If Social Credit is the myth and ballyhoo that they claim it to be, why have the chartered banks in Canada spent so much money trying to court the public favor in Alberta and not in other provinces?"

# New Books

## Red Ryan in Fiction

MORE JOY IN HEAVEN. By Morley Callaghan. Pubished by the Macmillan Co. of Canada, Toronto. Price $2.75.

Canada's greatest novelist writes about Canada's most publicized criminal in "More Joy in Heaven." That "Kip Caley" in Mr. Callaghan's book is the "Red" Ryan of real life is hardly to be doubted.

What shocked most people about "Red" Ryan is that after he "reformed" in the penitentiary he came out and led a double life; on the one side that of the penitent sinner and on the other side that of the bandit. Ultimately the law caught up with him again and Ryan died last year in a pistol fight with the police.

Mr. Callaghan makes Red Ryan's return to crime more understandable. His book is a strong indictment of cheap newspaper sensationalism; of society's limelight that flood the lives of those who need nothing so much as to be forgotten.

## Bulwarks of Democracy

THE NORTHERN COUNTRIES IN WORLD ECONOMY. Published by the Delegations for the Promotion of Economic Co-operation between the Northern Countries.

The northern countries are Denmark, Finland, Iceland, Norway and Sweden. In each of them democracy retains a firm grip on government. Thrift and self-reliance remain national characteristics still powerful.

These northern democracies seek to stay out of wars abroad and to avoid poltical upheavals at home. Not one of them has ambitions to be the stage for some dictator's strutting.

In consequence they have friends the world over who are pleased to trade with them. They attract tourists who find their atmosphere congenial and safe. They are now drawing foreign capital, fleeing from inflation's power to destroy and communism's power to confiscate.

Recently it has dawned on these countries that they are likely to stand or fall together. Peaceful co-operation with one another has become their policy. This volume is one product of such co-operation. Leading statesmen, economists and civil servants of the five countries have joined together to promote their common interests. The present volume, printed in English, well illustrated with numerous maps, charts and tabulations, tells of their economic structures and how they fit into the world picture.

Do you Sell AUTOMOBILES OR AUTOMOBILE SUPPLIES

LA PATRIE FAMILIES

OWN TWENTY-FOUR THOUSAND AUTOMOBILES!

DRIVE TEN MILLION MILES A YEAR!

THEY buy a lot of gasoline, tires, spark plugs — and, each year, an imposing array of new cars.

The readers of Sunday La Patrie constitute a population equal to that of Ottawa, Hamilton, London and Windsor combined. Their goodwill and their acceptance of his product means substantial sales volume to any manufacturer. They have money to spend—they pay out $5,155.75 every Sunday for La Patrie alone!

Their responsiveness to advertising, plus the fact that they cannot efficiently be reached even by a combination of other publications, has brought to La Patrie more advertisers and more advertising than will be found in any other French Sunday paper.

Yet, here is all that is essential in telling your story to this vast audience:

An advertisement the size of this one (4 columns x 200 lines) would be **four-fifths** of a page in Sunday La Patrie. (La Patrie's page is 5 columns x 200 lines). It would **dominate.** And it would require the investment of only $120.00.

The national advertising rate for Sunday La Patrie's 103,115 circulation is 15c per line; the lowest milline rate of all French Sunday newspapers in Canada.

Your advertising agency or a La Patrie representative will be glad to show you how you can increase your sales at low cost by telling your story to the La Patrie audience.

SUNDAY READING FOR THE WHOLE FAMILY

**Sunday Reading for the Whole Family**

Sunday La Patrie has up-to-the-minute news—an illustrated magazine section—a rotogravure picture section—16 pages of comics in full colour—80 live pages of interesting reading for the whole family.

**Special Note to Advertising Agencies**

Don't forget to tell your clients about La Patrie's Saturday-Sunday combination which reaches 130,838 families at 20c per line. A survey of every newsdealer's customers revealed a duplication of Sunday by Saturday circulation of 5.23%. The total of the two issues is 136,231.

MEMBER ABC

La Patrie

JOURNAL DU DIMANCHE

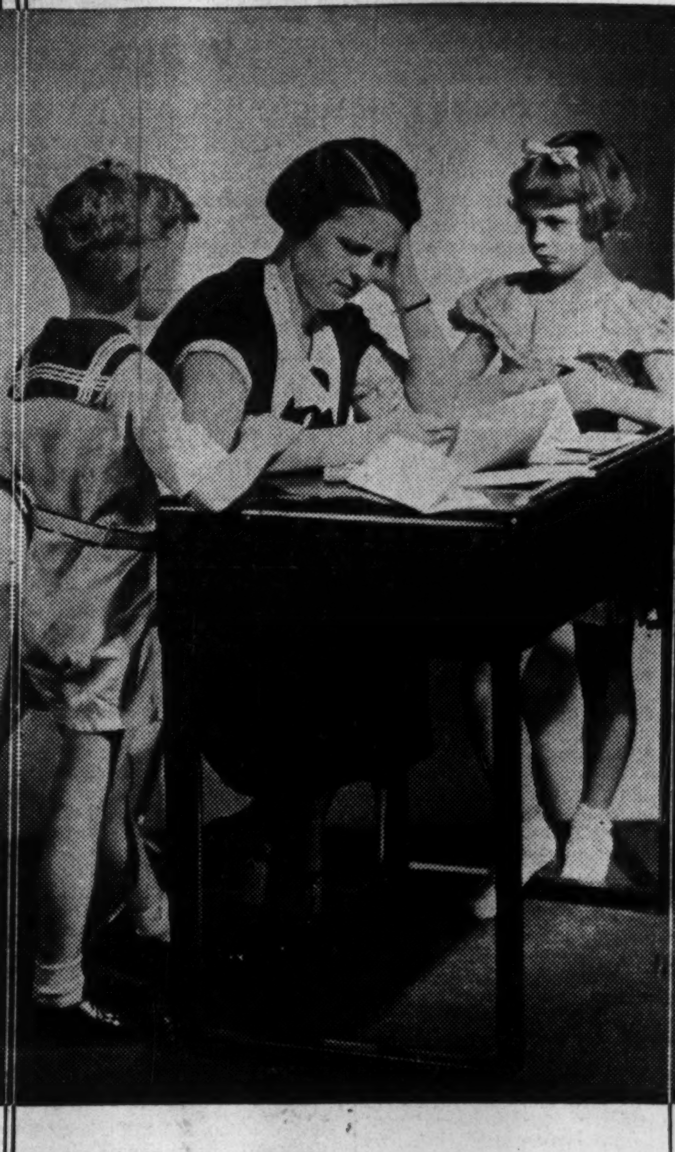
La Patrie Publishing Company Limited, La Patrie Building, Montreal

Ontario Representative
Hugh Rose, 510 McKinnon Bldg.,
19 Melinda St., Toronto

Great Britain and Continent
Clougher Corp., 26 Craven St.,
London W.C. 2, England

U. S. Representative
E. Katz Special Advertising Agency

Would you want the ADDED CARES of administering your husband's estate?



TO-DAY, you probably rely upon your husband's good judgment in investments, income and management of business affairs. But what of to-morrow? Would you, as executrix of your husband's estate, want to shoulder these responsibilities—in addition to those of your family and your home?

Talk this over with your husband. You will promote your peace of mind; and you may save yourself endless worries, and free yourself from the possibility of assuming burdensome duties with which you may be unfamiliar.

May we also suggest that you carefully consider the many advantages of having the National Trust Company act as executor and trustee. Its officers are men with years of experience in every phase of estate management. Their services are highly efficient, yet personal and sympathetic—as is shown by the scores of appreciative letters in our files.

You are invited to write for our booklet "Modern Trusteeship", which we believe you will find informative and helpful.

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# C. I. O. Faces Day of Reckoning

## Instead of Higher Wage Rates Organized Labor Now Confronted With Bitter Realities of Recession Period—Wage Costs Out of Line

By KENNETH R. WILSON

Organized labor on this continent faces a major test this winter. In the United States hundreds of thousands of men are being laid off by the current recession in business. It is estimated an added million will be on relief rolls this winter. Factories have closed that kept turning through the 1930 depression; factories that have not been idle for 30 years.

A few months ago the picture was just the opposite. Men were being re-employed by the thousands; employers were facing a shortage of skilled labor. Wages were being increased on all sides; hours of work were shortened.

One potent reason for the current business slump is that wages and wage costs soared too rapidly. Forced by sit-down strikes and the threat of newly organized labor, which, in turn, was backed by the most violently pro-labor government the United States has ever had, the wage costs of industry rose drastically during 1936 and 1937. In some industries—notably building and construction — the increases granted were so out of line with the realities of the situation that buyers simply went on strike. They refused to build houses and factories at the prices required to cover inflated costs of labor and production. Buyers strikes cropped up in almost every line of business across the border—with the increase in labor costs largely responsible.

• • • •

### *Day of Reckoning*

Now a day of reckoning is at hand. Union leaders are definitely on the spot.

Instead of looking for still higher wages and similar concessions they will have to face the bitter realities of a recession period. In many industries and groups they may have to accept lower wage rates and approve a return to conditions more in line with actualities. In many cases this will not mean a rewriting of present agreements. It will be achieved when workers come to be re-hired after the present recession has passed.

Thus, the major problem facing organized labor today—especially in the United States—is what attitude its leaders will take to meet this new situation. That they will continue to fight unfair treatment is taken for granted; to what extent they will fight restoration of reasonably normal wage rates and conditions in places where labor costs are now far out of line, remains to be seen.

At the forefront of this challenge is C. I. O. Under its sponsorship have occurred most of the radical changes in the labor picture on this continent in the past two years. It is of vital importance to review, therefore, the present set-up and position of C. I. O.; to watch closely the plans and personnel of this labor octopus which has reached into almost every part of the continent in the last year or two.

• • •

### *Mushroom Growth of C.I.O.*

The Committee for Industrial Organization had its birth in the President Hotel, Atlantic City, October, 1935. At that time the A. F. of L. were in annual convention elsewhere in the city. The dispute between the ambitious rebels who itched to expand along "industrial" lines came to a head and under the leadership of John L. Lewis, eight important international unions representing a million or more workers, split formally with William Green and those who still believed in the power and potency of the old-time "craft" union.

What has happened in the intervening two years is history. At midsummer of this year C. I. O. claimed 32 national and international unions with a membership of roughly [illegible]800,000 workers. It claimed to have added a fantastic sum of $1 billion to the pay envelopes of its workers (much of this was probably granted by employers as it came in a period of generally rising wages); to have brought a shorter working week for some two million members, and to have achieved 30,000 agreements covering 3,200,000 wage earners. It claimed it had become the sole collective bargaining agency in contracts covering over two million workers and that closed shop contracts had been signed for one and a half million. It claimed six hundred local unions and some 80 state or city councils.

It might also have claimed that its plans and policies had thrust the continent into the bitterest, bloodiest labor struggle since post-war days and that its campaign for higher pay and shorter hours had boosted industrial costs so drastically as to precipitate in large degree to the current business decline. It could have laid claim also to inauguration of a reign of racketeering and attempted industrial dictatorship that spread like a disease through most parts of industrial America during last spring and summer.

• • •

### *The Real C.I.O. Leadership*

Sydney Hillman, perennial president of Amalgamated Clothing Workers union and chairman of C. I. O.'s Textile Workers Organizing Committee. With the Russian revolution of 1905 and Chicago's bitter pre-war textile strikes as a background, he is now a dominating influence in C. I. O. counsels.

Most people when they think of C. I. O., think automatically of John L. Lewis. Recently, I had the opportunity of seeing Lewis in action at the first general C. I. O. conference held last month in Atlantic City in the same hotel which gave the organization birth in 1935.

While there is no doubt of Mr. Lewis's ability, the really significant fact which can be confirmed from a dozen reliable sources, is that the most outstanding brain and leadership of C. I. O., at the present time, rests not in Mr. Lewis but with Sydney Hillman, president, Amalgamated Clothing Workers of America.

If this be true, the potentialities of C. I. O. on the social, economic, political and industrial life of this continent are nothing short of startling. And the reason is, that since founding Amalgamated in 1914 out of bitter, bloody, pre-war textile strikes at Chicago, Hillman has built one of the most unique labor enterprises in America; a union which operates two banks in Chicago and New York with resources of $15 millions; runs credit unions, directs a $5 millions housing project and conducts an unemployment insurance plan which has disbursed $9 millions in benefits.

Assuming then, that Mr. Hillman is the dominant voice in C. I. O., the potentialities of this presently sprawling union force become very significant if one stops to visualize what might happen to a C. I. O. built and fashioned like the Amalgamated Clothing Workers.

But when telling the story of Mr. Hillman, a word of warning is in order. The warning is simply that C. I. O., as now constituted, contains every conceivable type of labor agitator and leader. It has some good men; it has a lot of very bad men and as its name implies, the Committee for Industrial Organization has very little power or authority at present over its unruly membership.

Take for example, the International Longshoremen and Warehousemen's Union of the Pacific Coast. Under the presidency of Harry Bridges, the Australian-born agitator, almost anything (not excluding bloodshed) might happen. Mr. Bridges prides himself that his group is the advance guard in the battle against A. F. of L. on the west coast.

> "We can see that a time may come," he said in Atlantic City last month, "when the C. I. O. is not progressive enough for us. If it does come we won't hesitate to move away."

Perhaps this might be an out-and-out blessing to C. I. O. if it wishes to keep its hands clean of labor racketeering of the most vicious type.

The same is true in automobile field. Now one of the most important of C. I. O. affiliates, the auto workers union contains among its leadership all the extremes of wisdom and viciousness that one can associate with labor organization. If this particular group can rid itself of the parasite and gangster type which now infest it, it may become a far-reaching influence. If not, it will get short shrift as indicated by the Detroit municipal elections the other day, which voted thumbs down for every C. I. O. candidate.

• • •

### *Balance of Power Policy*

These election results throw light on the importance of the personnel which will direct C. I. O. in 1938 and subsequent years. For while subversive C. I. O. elements were being routed in Detroit, Akron and other points, the well-oiled, smooth-working Hillman-Dubinsky machine in New York delivered through the American Labor Party some 400,000 votes to Mayor LaGuardia and proved a potent influence in his victory. The election examples indicate at least three things:

(1) The inability of the C. I. O., as yet, to "click" as a self-sufficient political entity.

(2) The success of the Hillman policy of using labor votes as a "balance of power" rather than to elect labor's own candidate.

(3) The strength that comes when C. I. O. and A. F. of L. work together—politically.

• • •

### *Canadian Labor Picture*

And C. I. O. must not be underestimated as a potent force in the Canadian labor picture. Last month, for example, Canada's senior labor body met in annual convention at Ottawa. Named the Trade and Labor Congress of Canada, it boasts a membership of approximately 150,000, or almost half the organized labor of the Dominion. Thirty thousand of these, or one out of every five members of the congress, are attached to a C. I. O. affiliate.

Equally interesting are figures contained in the report on labor organization in Canada issued a few weeks ago by the Department of Labor. These show that at the end of 1936, ten of the 32 international unions which comprise C. I. O., reported membership in Canada. These ten C. I. O. affiliates had 181 branches and a reported or estimated membership in Canada of 45,000. Gains since that time were said to have brought this figure over the 50,000 mark during the early summer. Just how much it has dropped since that time is anyone's guess.

Distribution of C. I. O. unions in Canada at the end of 1936, follows:

**Reported Membership of C. I. O. Unions in Canada, 1936**

(Department of Labor Figures)

| | No. of Branches | Reported or Est. Members in Canada |
|---|---|---|
| United Mine Workers of America | 66 | 16,600 |
| International Typographical Union | 49 | 4,246 |
| Amal. Clothing Workers of America | 14 | 7,000 |
| Int. Ladies' Garment Workers. | 13 | 4,836 |
| United Hatters, Cap and Millinery Workers | 5 | 1,500 |
| Int. Mine, Mill and Smelter Workers | 12 | 30* |
| United Auto Workers of America | 2 | 6,000 |
| United Rubber Workers of America | 1 | 21 |
| Amal. Assoc. of Iron and Steel Workers | 13 | 3,140 |
| Int. Fur Workers | 6 | 1,547 |
| | 181 | 44,920 |

*Membership reported from only one branch.

**Moving Slowly**

Significance of these figures is simply this. Although Ontario's Premier Hepburn and Quebec's Duplessis have for six months been carrying on open warfare against C. I. O. activities in Canada, this organization, through its control of old-established unions is deeply entrenched in the Maritimes, in Ontario and Quebec and to some extent in western Canada.

Yet, C. I. O. in Canada is moving very slowly. New organization in Ontario and Quebec has been given a body blow by the opposition of Premiers Hepburn and Duplessis. Added to that the newer unions are already spread out too thinly across a wide front in U. S. and are hampered at every turn by lack of money and personnel. Typical is the attitude of Samuel Wolchok, chairman, United Retail Employees of America, who told me in Atlantic City he considered Canada a very "fertile" field for his union, but that the huge job of organizing hundreds of thousands of retail workers in New York and other United States cities was proving more than a full-time job.

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### *Viewpoint of Hillman*

Then, too, there is the viewpoint of Sydney Hillman to be considered. Hillman believes that while an international union should contribute money and moral support to its membership in outside countries, such as Canada, he reputedly believes it is unsound to attempt control through outside personnel. "Canada must develop its own leaders," he says, "if it is to have a sound labor movement."

He favors taking things very slowly in Canada—a view incidentally which is shared by John Lewis, who indicates quite definitely that C. I. O., after the Hepburn conflict of last year, will be careful not to give offence to political and labor leaders in this country. At present there is only one regional director in Canada, at Calgary. Hugh Thompson is still nominally in charge of Ontario, but for the past four months he has ventured little beyond his Buffalo headquarters.

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### *Pressure for Unity*

The ultimate fate of C. I. O., both in personnel and organization, rests in the type of settlement finally achieved with A. F. of L. Reputedly pressure is being exerted from Washington to bring the two labor factions together. Whether that is true or not, the real pressure for unity has come from the union members themselves. In short, current plans to bring together these two labor factions have been virtually forced by the demands of union members and local leaders. As one observer puts it "if unity is to be achieved, the millions of unionists must be reached over the heads of resistant officials."

There is little point in attempting to prophecy as to what will happen. Many observers believe a new general organization will be achieved headed by a compromise leader such as George Harrison of the Railway Clerks and which would embrace craft or A. F. of L. unions on the one hand; strictly industrial or C. I. O. groups on the other. Fields in which the two now overlap would be apportioned among whatever groups they seemed to fit best. It is almost certain that this is what would happen if the rank and file of unionists could cast their ballots in free forum without the distraction of personalities, power and prestige, which now complicate the picture.

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### *The C.I.O. and Its Future*

Perhaps the clearest, frankest analysis of C. I. O. and its future has been painted by J. Raymond Walsh, now at Washington and formerly of the Department of Economics at Harvard University. His new book, "C. I. O.; Industrial Unionism in Action," though friendly, is full of frank home-truths about C. I. O. Its success, he points out, has been the organization of millions but he doubts if it can hold them.

> "The A. F. of L. could not," he says. "Out of three who join, two drop out. C. I. O. can expect a high mortality rate also, for the Lewis organization is particularly vulnerable to this kind of defection—as most of its new recruits comprise the less-secure American workers. Semi-skilled or unskilled, they are not so well paid nor are their jobs so regular as those of the craftsmen, who have become the aristocrats of scarcity.
>
> "Dues will not roll in to support the expensive systems of insurance which help the older unions hold their members. The very size of the great industrial unions will make it seem less imperative to individual members to contribute their share."

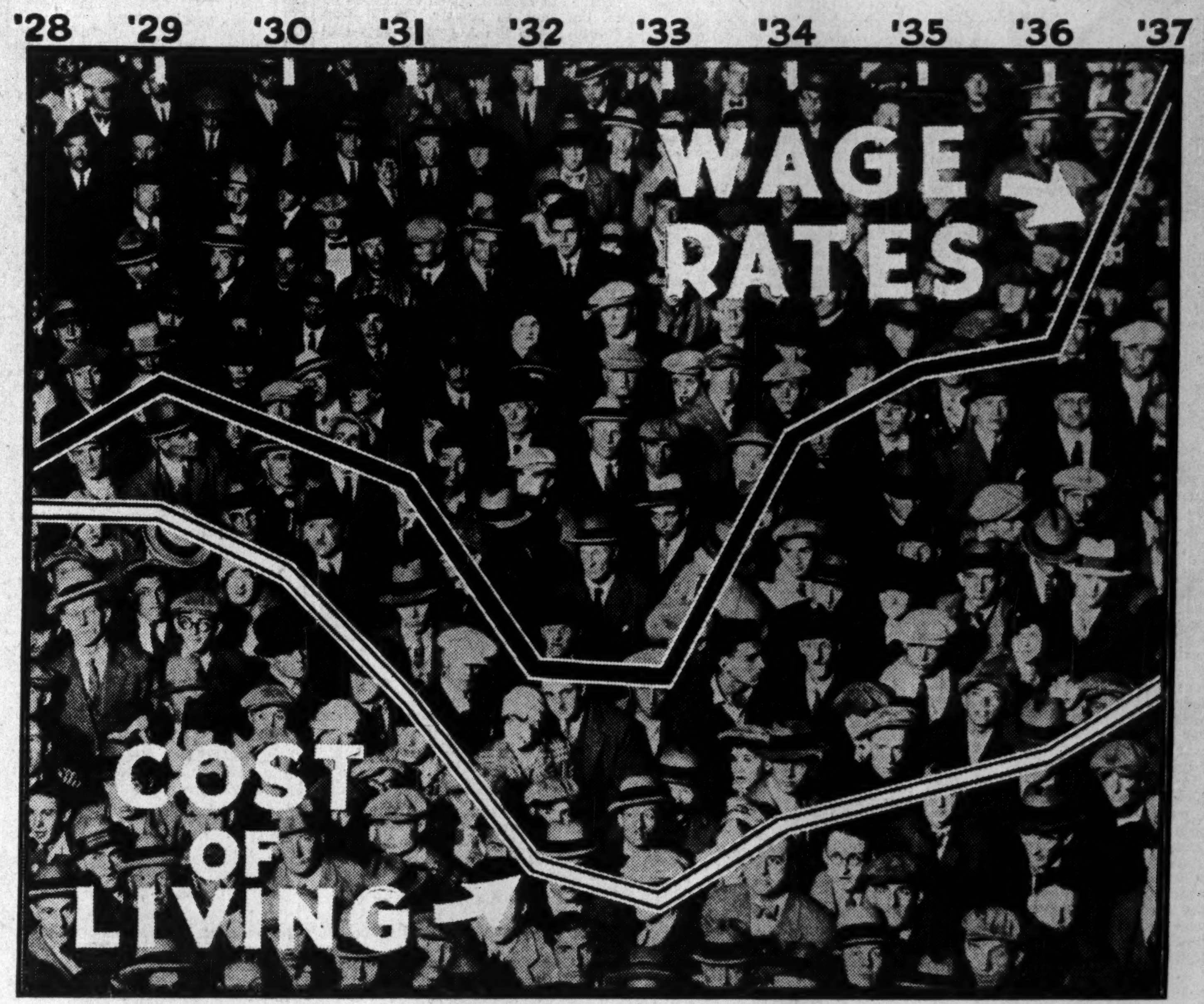
• • •

Other problems facing C. I. O. are seen in its failure at times to consult its rank and file; in the dissension within its own ranks; in its lack of adequate educational and research facilities. In some measure, the current slump in business will accentuate these because it will accelerate the falling-off in membership and greatly hamper its finances. On the other hand, it will provide at least the opportunity for repairing fences and building the industrial organization along sounder, more permanent lines. Whether this opportunity is taken will depend again on the kind of leadership obtained. Labor has gained too much too quickly and many labor leaders are wise enough to see this.

The importance of personnel cannot be overemphasized in any attempt to appraise the future of C. I. O. either in Canada or in the United States. If any reasonable counsel prevails, the spread of C. I. O. on both sides of the line will probably be slow but potent. If firebrand leadership gets the upper hand either in individual unions or in the C. I. O. counsels as a whole there may be continuance of the racketeering. dictatorship tactics which made the words C. I. O. anathema in millions of people in 1937.

A few leaders are noted for the sound economic views they hold about labor's share in the production dollar; they are farsighted enough to know that labor can only prosper when business as a whole prospers and can obtain concessions only when there is earning power available.

These viewpoints seem a far-cry from the sort of violence that marked so much of C. I. O. campaigning this summer. Whether they are the views which will henceforth prevail is the great enigma of the C. I. O. today—the great question mark which must be watched closely by all those concerned with industrial relationships in the C. I. O. area.




The extent to which soaring wage rates in the United States have got out of line with living costs, despite acceleration of the rise in prices, is shown in the above chart. Some of the results are discussed elsewhere on this page.

# Boosted Wages Recoil

## Top Heavy Structure of Costs and Prices Beginning to Teeter

The recoil of forcibly boosted wage rates upon wage earners is becoming apparent in the United States and to a lesser degree in Canada. Following higher pay rates have come higher prices for consumer goods, stiffening of sales resistance, slackening of sales and shrinkage of business volume. Already the top-heavy structure of costs and prices is beginning to teeter backward.

In the construction industry, for example, there is a nation-wide buyers' strike in protest against absurdly increased wage rates.

The general picture, based on official United States figures, shows what is happening. Wage rates, after being held steady, despite falling living costs, during the depths of the depression, have risen so rapidly since 1933 as to be entirely out of line with living costs. At the same time rising wage rates have accelerated the upward climb of the living cost index.

During 1933-37, the chart on this page shows that wage rates have risen about 45% and the cost of living about 20%. During the past year wage rates have risen 17%, or nearly three times as rapidly as the cost of living, which has risen 6%.

There is considerable disagreement as to the effect of wage increases on prices. A fairly common estimate, however, is that an increase of 50% in wages of manufacturing workers alone will produce an increase of about 10% in manufacturing costs and prices. When similar increases are also won by those engaged in the production, transportation and other handling of raw materials, the increase in costs and prices will be proportionately greater.

Wages and salaries absorb approximately two thirds of the national income, and the same proportion of the costs of any given stage of industrial processing. Statistical studies show that this proportion has never varied by more than 2 or 3%. Thus, experience predicts that when wage rates and wage costs are thrust out of line with all production costs and prices, either wages must be pulled back into their proper proportion or costs and prices will be adjusted so far upward as to nullify wage advances.

Factory wage statistics of the National Industrial Conference Board (New York) show that while average hourly earnings (wage rates) continued to rise in September, average weekly earnings commenced to decline. The hourly average was 71.6 cents, still 15% higher than in September, 1936, but fractionally lower than in August, 1937. The weekly income average was $27.43, compared with $27.76 in August and $25.18 in September a year ago.

United States cost of living figures show a decline of from 87.5 to 85.2 between late September and mid-October, reflecting a response to business recession. But the October figure is still above the October, 1936, figure of 81.5, reflecting the continued upward drag of jacked-up wage levels.

The influence of these higher prices on volume of employment and payroll totals is shown in the Labor Statistics Bureau index numbers for September on factory employment, which dropped to 100.7 from 102.4 in August, and on factory payrolls, which dropped to 100.1 from 103.8 in the same period.

In Canada, there has been less turbulence in the labor pressure and other cost-raising influences, and there has consequently been less violence in the processes of both adjustment and readjustment. Post depression labor organization in the Dominion has been less extensive and less belligerent than in the United States, has not been egged on by governmental agencies, has been less arbitrary in its demands for precipitate pay increases. Labor costs have risen but not skyrocketed; advances in price levels have been more gradual, and the buyers' strike has been less severe in its effect.

# IMPERIAL BANK OF CANADA

## 63rd Annual Meeting

## Foreign Trade Continues to Grow

## "Upswing in Commercial Business"

### The President and the General Manager Address Annual Meeting of Shareholders

The Annual Meeting of Shareholders was held at the Head Office, Toronto, on November 24th. Mr. A. E. Phipps, President, took the Chair.

**PRESIDENT'S ADDRESS**

At our last meeting by By-Law No. 42 the authorized number of Directors was raised from 12 to 15. On 27th January the Board appointed Colonel Arthur L. Bishop of Toronto and Mr. E. E. Buckerfield of Vancouver and shortly after on 3rd February Mr. C. Gordon Cockshutt of Brantford. These gentlemen are here today and will offer themselves for election.

For some time Mr. Rolph, who has been a Director since 1919, had expressed a desire to be relieved of some of his duties and responsibilities, having given very close attention to the affairs of the Bank for the past seven years as President. On December 30th, 1936, his resignation as President was at his own request accepted and he was immediately appointed Chairman of the Board. We hope that he will continue as Chairman of the Board for many years. As you know I was selected to fill the position of President and Chief Executive Officer. Mr. H. T. Jaffray, the former Assistant General Manager, who has been my close associate for over thirty years, was selected to succeed me as General Manager, and two Assistant General Managers were appointed, Mr. W. G. More and Mr. Gordon D. Ritchie, both experienced and seasoned officers in the Bank's service. I think the result of the year's operations and the Balance Sheet which is in your hands indicate that the choice of the General Manager was an eminently wise one and that the Executive functions are in thoroughly capable hands.

**PUBLIC FINANCING**

Published figures place the surplus revenues of the Dominion for the seven months ended 31st October at $33,372,000, against a deficit at the same time last year of upwards of $64,000,000 — a truly remarkable turnover. The improvement is partly due to lessened expenditures of $44,000,000, but to a greater degree to larger revenues: Customs duties, Excise duties, Excise taxes, Income taxes, and Post Office receipts altogether showing an increase of $53,000,000 for the period. This increase in revenue if it indicates anything means greater activity in almost all forms of business. We hope that this improvement will continue and may be taken as a sign that there will be no increase in Dominion taxes next year, but that we may hope for some amelioration.

Provincial finances with exceptions appear to be in a healthy condition. The position of the Maritime Provinces is generally satisfactory; Quebec recently put out a short loan at the extremely low rate of 1%; Ontario finds no difficulty in borrowing money on practically a parallel basis with the Dominion, there has been a marked improvement in the financial position of Manitoba; from British Columbia we learn that Provincial revenues are high and the budget has been able to take care of all expenditures except direct relief and some Sinking Fund requirements. The condition of Saskatchewan seems sound but is strained and their securities are at lower levels. In Alberta while conditions are favorable and revenue is more buoyant the Provincial finances are bedevilled by Social Credit policies largely directed by theorists from England.

The municipal financial picture is a little better. No more major defaults have taken place and the readjustment in Ontario municipalities is proceeding surely if slowly and at least in one case, the border cities, now the City of Windsor, the problem has been solved. Also the financial affairs of the two large cities of Edmonton and Calgary in Alberta appear to be on the point of solution. Altogether the picture in public financing is brighter though the market for some classes of securities is still practically non-existent.

**BUSINESS CONDITIONS**

Turning to business conditions and dealing first with agriculture—Ontario experienced an excellent year. Field crops, including grain, hay, roots, and tobacco, have been abundant and prices have remained at satisfactory levels. The growers of fruit have had good yields and average prices and the market for dairy products and livestock of all kinds has been strong with prices satisfactory. The wheat crop in Manitoba is reported to be worth in money $52,000,000, compared with $25,000,000 last year due to increase in yield and market prices. It is the best paying crop I think over a period of ten years. In Saskatchewan the results were not good, a very large area returning nothing on account of drought. The yield of wheat for the entire Province has been placed at 36,000,000 bushels whereas the average yield for ten years 1922 to 1931 was 206,000,000 bushels and the largest crop recorded was in excess of 300,000,000 bushels in 1928. Coupled with this the drought produced a very serious shortage of feed and much livestock had to be shipped out or slaughtered or otherwise disposed of. The estimated gross revenue from agriculture in the Province of Saskatchewan is $74,000,000 for 1937 compared with $181,000,000 in 1936. Reports state that in many places in the drought area more rain fell in the months of September and October this year than in the same period in the five preceding years combined so that the outlook for the future is better. In Alberta, while there was a partial and even total crop failure in some parts, there was generally a good harvest. Moreover there was a very substantial export of beef cattle to the United States and prices for all kinds of livestock were better than for some years. Recent estimates place gross agricultural revenue of Alberta for 1937 at $171,000,000 compared with $143,000,000 in 1936 and altogether most of the agriculturists of that Province have not much to complain about. Conditions in Quebec and the Maritime Provinces are also reported satisfactory.

The livestock industry benefited by the cutting of the United States Customs duty by $9.00 per head on cattle. This year thus far shipments to the United States have exceeded 185,000 head of which 175,000 were beef cattle, the financial gain to the industry being in excess of $2,000,000. Great Britain continues to be the principal market for our surplus hog products. The quota is 280 million pounds annually. Our exports of hog products to Great Britain have risen from 11 million pounds in 1931 to an estimated 190 million pounds in 1937. The latest available statistics supplied to me estimate the total gross revenue from agriculture in Canada at $1,097,000,000 for 1937 compared with $1,061,000,000 in 1936.

**FOREIGN TRADE**

Foreign trade has grown substantially and Canada now ranks fifth among the trading nations of the world. Our credit balance last year was near to $400,000,000, and will be only slightly less this year. The nature of our products gives us an advantage in world markets. Canadian wheat is at a premium; our gold of course is in demand everywhere and the demand for our forest products, including pulps and paper, is wide. We can compete with all nations in the production of base metals and our nickel is a practical monopoly.

**MANUFACTURING**

In point of dollar value our leading manufacturing industry is the food products group and I am informed this department of industry is at the highest level it has ever been. Iron and steel has made a new record in production. Demand for machinery shows marked improvement and although agricultural implements are behind the high levels of the past, the demand both at home and abroad is more active than for some years. Textiles have continued active all year and orders are booked ahead for some time. Generally, industrial activity in 1937 was substantially greater than in 1936 and in many important industries will set a new record.

**LUMBERING**

Lumbering in all parts of Canada has been active, but latterly in British Columbia has slowed up due to increased ocean rates and lack of demand in the United States market. In Ontario both production and prices are well maintained and although costs have substantially increased the industry is prosperous, with this year's cut contracted for. Over the whole of Canada production will probably be 10 per cent ahead of last year; and while we depend largely on export markets return of a normal building activity at home will immediately benefit this industry. Employment is not far behind the 1926 level.

**MINING**

Mining is active and prosperous right across Canada. Estimated production of all mineral for 1937 is $435,000,000, a generous increase over last year. Gold continues to make new records year by year and the estimated production for 1937 is $145,000,000. It is interesting to note that the Province of Manitoba will produce gold this year to an approximate value of $6,000,000. General production of all minerals for the first half of the year shows an increase of 15%. Copper, nickel, zinc and lead are all substantially increased. Even coal shows a small gain. The industry is on a sound basis, paying substantial wages to many, reasonable dividends to owners and adding materially to Government income through various forms of taxation.

Oil and natural gas principally in Alberta has shown tremendous development throughout the year. The oil industry bids fair to become one of the principal sources of wealth in that Province. It seems to be largely a question of market.

**CONSTRUCTION**

The slowest of all industrial activities to respond to better times, construction nevertheless shows an increase in volume of about 25% over the preceding twelve months. Employment is approximately 75% of normal, taking the year 1926 as par for this industry. The Home Improvement Plan has done a great deal to help small contractors as well as manufacturers of household fixtures and those responsible for the conception and carrying out of this Plan are worthy of the highest commendation. The total amount of loans made under this Plan by all the banks up to 30th October amount to the substantial sum of $11,000,000. The volume of construction work contracted for but unfinished is considerably more than last year.

**PAPER PRODUCTS**

Production in newsprint reached a new high in June with an output to the value of some $11,000,000. Prices of newsprint have increased by $5 to $7.50 per ton largely offset by increased costs. It is interesting to note that the market for newsprint has recently been expanded by a contract to supply 175,000 tons annually to the Antipodes at a cost based on the New York price.

**STOCK MARKET**

For the last two or three months there has been a persistent weakness on the stock market, both in the United States and Canada, bringing stocks of all kinds to lower levels than at any time since the slump of 1929. Speculation was rife, both in the United States and Canada, and it only needed the adoption of regulatory policies by the Government of the United States, at least I take that to be the principal cause, to bring about a weakening of the structure which rapidly brought securities of all kinds to much lower levels. The situation appears to be flattening out, and while no one can forecast much improvement in prices, there is no doubt that many valuable stocks are selling below what would ordinarily be accepted as their value.

**FAVOURABLE OUTLOOK**

The conclusions that I arrive at are that we may look with some confidence for increased and more profitable business for your Bank in spite of the low rates prevailing on investment securities, which perforce must constitute a large proportion of a bank's assets. The business of the Canadian Banks has grown and is still growing in what appears to be a healthy fashion, and I see no reason why that should not continue, and that with the upswing in commercial business we may expect at least as profitable a year for this Bank in 1938 as has been enjoyed in 1937. Canada is sound, and has a virile and industrious population, natural resources of every kind, sound Government, and a broad outlook, and will not easily be turned aside from reaching the full fruition of her destiny.

I have been assisted in preparing these remarks by very comprehensive letters received from Managers of practically all of our Branches, which are very much appreciated, and for which I take this opportunity of thanking them. I also wish to thank all the members of the Executive, and every member of the staff, for their loyal co-operation, and for the work they have done, which has brought about such satisfactory results in the year's business. I also wish to extend to the Chairman of the Board, the Vice Presidents and Directors, my sincere appreciation of the support and assistance they have unfailingly rendered to me throughout the year.

**MR. H. T. JAFFRAY**
**General Manager**

You are all aware, no doubt, that during the past year changes have occurred in the Executive organization of the Bank, as a result of which it is my privilege to report to you today for the first time in the capacity of your General Manager.

May I say that I very deeply appreciate both the honour and the responsibilities that have devolved upon me, and can only assure you that I shall at all times do my utmost to warrant the confidence that has been placed in me. I am indeed fortunate in that I have to help me the long experience and proven judgment of your President, whose advice on all matters is available to me from day to day. I should also like to express my appreciation of the assistance I have received from your Board of Directors, one and all.

**PROFIT AND LOSS**

As the statement this year is in the same form as a year ago, it is easily comparable and shows that, after provision for Dominion and Provincial taxes and contributions to the Staff Pension and Guarantee Funds to a total amount of $374,666.52, as compared with $368,473.62, the year's profits amounted to $967,977.19, as compared with $962,813.37—a moderate increase of $5,163.82.

From these profits the usual dividend of 10%, amounting to $700,000, has been paid. $100,000 has been written off Bank Premises, $150,000 has been transferred to the Inner Reserves against unforeseen contingencies, and $17,977.19 carried forward, making balance carried forward in Profit and Loss Account $638,032.72, as compared with $620,055.53 a year ago. We consider the showing satisfactory and hope you will agree.

Turning to the Balance Sheet, and taking the Liabilities first in the order in which they appear, our notes in Circulation amount to $6,044,775—a decrease from a year ago of $65,890. The authorized limit of our circulation is now $6,300,000, and on January 1st next will reduce to $5,950,000. It is essential that we keep safely within our authorized limit, so this item will contract from year to year.

**DEPOSITS**

Once more we are able to report a satisfactory increase of $7,581,169 in deposits from a total of $124,616,919 a year ago to $132,198,088. Of this increase you will note that $3,852,324 is an increase in the balances of the Dominion and Provincial Governments. Deposits not bearing interest, which are ordinary Current Account balances, show a slight fluctuation downwards of $932,669, and Interest Bearing Deposits an increase of $4,661,514. Balances due to Agents and Correspondents, at home and abroad, amount to $4,673,269, making total liabilities to the Public of $142,916,132, as compared with $133,879,821 a year ago—an increase of $9,036,311.

**ASSETS**
**CASH POSITION**

Our cash holdings, including our deposit with the Bank of Canada, amount to $23,317,505, compared with $20,818,869 a year ago—an increase of almost exactly $2,500,000 and making the percentage of our actual cash to total liabilities 16.3%. Included, however, in the item of Dominion and Provincial Government securities due within Two Years there were $5,500,000 of Dominion of Canada Treasury Bills, all maturing within 90 days and immediately available if necessary, and adding these to our actual cash holdings, the percentage of cash and treasury bills to our total liabilities is 20.15%. Last year it was 17.4%.

**SECURITIES**

Including the Treasury Bills, we held on October 31st Dominion and Provincial direct and guaranteed securities to a total amount of $50,283,646, as compared with $47,495,334 a year ago—an increase of $2,788,312, which you will note is nearly all in securities maturing within two years and which totalled $11,750,146, as compared with $9,424,887 a year ago. I would draw to your attention at this point that, in keeping with the long standing policy of the Bank of maintaining a strong liquid position, against an increase of approximately $9,000,000 in total liabilities to the public we show an increase in cash and readily available short-term securities of $4,800,000, or over 53% of the amount.

Municipal securities not exceeding market value, and other Bonds, Debentures, and Stocks, totalled $4,276,078, as compared with $4,093,515 a year ago, making a grand total of securities of $54,559,726, as against $51,588,850 — an increase of approximately $3,000,000, which, as I have already pointed out, is almost entirely in securities of a very early maturity.

**CALL LOANS**

Call Loans at $6,166,163 are down $1,607,987 as compared with a year ago—a reflection of stock market conditions.

Loans to Provincial Governments at $5,967,423 show a slight increase of $267,000, and Loans to Cities, Towns and Municipalities at $6,458,544, a minor reduction of $108,000.

Adding together our cash holdings, $23,517,505, our security holdings, $54,559,726, and our quickly realizable loans, $18,592,130, we get a total of $96,469,361 of cash and readily realizable assets—an amount equal to 67.46% of our total liabilities to the Public. Last year the corresponding figure was 69.05%.

**CURRENT LOANS**

It is pleasing to the Management to be able to report that Current Loans at $55,168,477, compared with $50,217,639 a year ago, show an increase of $4,950,738, or almost $5,000,000. This is in spite of the fact that, owing to the very small crop in Western Canada, our loans to grain customers are even less than they were a year ago. The total increase in Current Loans of all the Canadian Banks as on Sept. 30th, 1937 (last figures available), as compared with Oct. 31st, 1936, is $62,833,660, or 8.9%. For the same period our Current Loans increased 9.4%, and for the year to Oct. 31, 1937, they increased 9.8%, indicating that we have fully maintained our proportion of active business. This increase in Current Loans is also encouraging in that it is a direct result of improved business conditions, and reflects the increased requirements of our Manufacturing, Distributing, Importing and Exporting customers resulting from increased turnover.

The Bank Premises Account remains at $6,000,000. New Premises have been erected during the year at Ottawa, where we now own and occupy our own building, and at two or three smaller points.

The moderate amount of assets under the remaining headings of the Balance Sheet show little change, and require no comment.

Taken as a whole we consider the Balance Sheet indicates that your Bank continues to grow and to maintain a strong liquid position, and is at all times ready to take on new desirable business.

**BRANCHES**

The Branches of the Bank now number 190. During the year new Branches were opened at Bayview Ave., Leaside, Ontario; Larder Lake, Ontario; Bourlamaque, and Rouyn, Quebec; and Branches were closed at Crampton, sub. to Ingersoll, Ontario; Jellicoe sub. to Beardmore, Ontario; Griffin, Creelman, Goodwater, Tribune, and Readlyn, all in the Saskatchewan drought area; and at Edberg, Alberta.

**SHAREHOLDERS**

The shareholders of the Bank now number 2,596, as compared with 2,631 a year ago. The shares held by residents of the United States total 7,080, divided amongst 313 shareholders, as compared with 7,703, divided amongst 324 shareholders last year.

**STAFF**

The Staff of the Bank now totals 1,412, compared with 1,367 a year ago, and I wish to take this opportunity to thank every member of the Staff, from the highest to the lowest, for the loyalty and wholehearted support that they have given me during the past year. The results, as disclosed by the Balance Sheet and the Profit and Loss Account, are in a large measure due to their efforts, and could not have been accomplished otherwise.

The following were elected Directors:

Messrs. Frank A. Rolph; A. E. Phipps; Col. J. F. Michie; R. S. Waldie; G. C. Heintzman; J. W. Hobbs; Walter C. Laidlaw; John A. Northway; G. H. Aikins, K.C., Winnipeg; H. E. Sellers, Winnipeg; R. O. McCulloch, Galt; W. B. Woods; Arthur L. Bishop; E. E. Buckerfield, Vancouver; C. G. Cockshutt, Brantford.

A subsequent meeting of the Directors elected — Mr. Frank A. Rolph, Chairman of the Board; Mr. A. E. Phipps, President; Col. J. F. Michie and Mr. R. S. Waldie, Vice Presidents.

## Municipal Finances

**Ottawa, Ont.**—Board of Control has approved complete payment of the $190,678 balance of the Housing Commission loan on Dec. 31, instead of continuing to pay monthly installments to March, 1941. Necessary funds for repaying the loan will likely be raised by issue of short-term debentures, and it is believed a considerable saving in interest charges can be effected.

* * *

**Windsor, Ont.**—Increase of nearly $2.3 millions is shown in assessment figures for 1938. Total assessments liable for taxes are $726,120 higher than 1937, at $83.4 millions.

* * *

**Toronto, Ont.**—Work has started on a $200,000 unemployment relief works programme, with the Dominion Government agreeing to pay half the cost on a dollar-for-dollar basis. The first $35,000 of the city's share is coming from a municipal parks appropriation.

* * *

**London, Ont.**—City's share of the relief account for 10 months of 1937 is $102,234, which is the lowest since 1932. Total expenditure for relief was $31,152 in October, compared with $27,588 in September

*Realities in Real Estate. 5*

# Smoothing Home Buyer's Path

## Pay for it Like Rent Method Opens New Approach to Potential Owners

By R. A. McEACHERN
Staff Writer, The Financial Post

SO YOU'RE going to buy a home! About 53% of all Canadians have done so, although for the bigger cities the proportion is only about 37%. But four out of five families of all kinds and all ages want a home of their own. That's the finding of the most careful survey yet made of the subject.

Why does the average Canadian with average financial stability want a home of his own? Sentiment and tradition seems to be his main reason. A home of his own gives room for his children, scope for his hobbies, a sense of privacy and of importance. It gives him roots in the community.

**"Pay For It Like Rent"**

"Pay for it like rent" is the modern answer to the cost problem of home-buying. Installment buying, income by weeks or months, are the financial arrangements of the average family of the 1930's.

But how does the wise buyer actually go about securing the house that is going to be his castle?

He has many things to decide before he calls in expert advice. How much should he pay? Between one-fifth and one-quarter of the family income is considered wise rent. After adding up approximate figures for taxes, interest on mortgage, maintenance, interest on proposed equity, Mr. Homebuyer finds he can afford a house between $9,000 and $10,000. He will do well to discuss these costs with his banker.

In what district shall he buy? Convenience and personal preference should not be the only considerations. At some time he or his heirs will want to sell this house. District has a great deal to do with the price it will bring. Is the general area well planned? How about schools, shopping districts? Is it off main arterial highways? Are the houses generally in a price class higher or lower than the one he can afford? Having the most expensive house on the street may be gratifying, but seldom good business. Are the surrounding houses "faddy"? Variety, novelty and revolution in house design again may not be good business. Most cities have some zone laws restricting apartment and boarding houses, stores and other buildings likely to damage property values. Mr. Homebuyer should find out all about them—also if they are being enforced, which they often are not.

**Ready Made, Custom Made**

If Mr. Homebuyer is going to take a used house, not only will he do well to get the best realtor he can find. In addition the modest fee required by an architect for making a thorough investigation of the building will be money well invested.

Let us assume Mr. Homebuyer wants a new house. He has three choices. A ready-built house, a house built to order on contract with a builder, or an architect-designed and built house.

All three have their very definite place in the giant building industry. All have their advantages.

The ready-built house eliminates delay. The purchaser can move in at once. Furthermore, his investment is protected to some extent by the fact that this house is likely to be fairly "ordinary," therefore, fairly saleable. The buyer also knows how much the house will cost him, another advantage because of the habit construction jobs have of becoming more costly. The more tricks and whims Mr. Homebuyer wants to incorporate in a house he is having built to order, the more he reduces the number of potential buyers when he comes to sell. He might also find that his experiments were much nicer on paper than for living in.

With the builder-built or architect-built house to order, of course, Mr. Homebuyer can get precisely what he wants, where he wants. He can indulge his preferences and prejudices.

For the average family, home-buying is one of its greatest adventures, and many feel they are robbed of its full pleasures by buying "off the hook."

"You know what you're getting" is an argument commonly advanced for the custom job.

**Building the Home**

Should the home builder employ an architect? That's a decision the individual must make for himself. There are, in almost every community, builders who are highly skilled, conscientious in the highest degree. From long experience with the materials that make a house, they know well what has been serviceable in the past.

The architect's function is like that of the lawyer. He is the expert go-between engaged, not only to draw pleasing plans, but to protect his client's interests at every stage of building. His duty is to see that behind the plaster, underneath the floor, in other places, hidden from view, there is no shoddy work, no inferior materials, that the completed job will give the buyer highest dollar for dollar value in durability, efficiency, saleability and general satisfaction.

Does the architect-built and designed house cost more than one bought from a builder? Sometimes it does, especially if Mr. and Mrs. Homebuyer, their sisters, cousins and aunts keep changing their minds about this and that during process of construction and after the plans have been accepted and the contracts let. Sometimes, architect houses will be cheaper.

If the homebuyer does not employ an architect a great deal of the question which method of building is cheaper depends on the integrity of the builder; how much dollar value he has given his customer.

**Speculative Builder**

There is another little item to be considered. "Naturally, the 'speculative' builder builds to make a profit," points out Evan Parry, F.R.A.I.C., prominent Canadian architect and architectural editor for Chatelaine. "His margin must be fairly generous. He takes the chance that perhaps he won't be able to sell his house as soon as it's ready. And in the interval, there are taxes, interest on mortgage and other costs. And when he does sell it, he has to pay the realtor 3½% commission, or something equivalent for advertising and his own sales staff if he sells it himself. The whole thing is perfectly legitimate and fair. You're merely paying the speculator for relieving you of all trouble and taking all the risk. But all this cost you could save by employing an architect."

To this, of course, the skilled speculative builder has several answers. He points out that the architect's fee is 8% to 10%, and that contractors and subcontractors still have to make a profit. The builder says that the average buyer has a very vague idea of what he really does want and like. Because of inability to picture the finished product from the plans, the builder says buyers often do not get what they want.

The builder also answers that as a practical builder he builds practical houses and that architects are sometimes "arty" or "fancy" which in the end proves very expensive through making the house hard to sell. To protect himself, the speculative builder has to produce a type of house which experience has shown has the widest market.

Some builders, of course, employ their own architects. Others have an architect draw the front elevation of the house. Some high class realtors who handle built-to-order houses assume the responsibility for inspection and good workmanship the same as an architect.

**Financing Easier**

Two important changes have taken place comparatively recently in the business of financing home-buying. Mortgage companies are now much more liberal than formerly when allowance of 50% of the valuation of the house was usual. The Dominion Housing Act, especially designed to fit the need of the buyer who is going to "pay for it like rent" has come into the picture. In the Act's two years of life, some 1,940 loans have been made totalling almost $12 millions. Loans are made up to 80% of the valuation of the property. Ownership of the lot, the chief preliminary requirements, is roughly analogous to a 20% down payment. Regulations governing materials used and construction methods employed are rigidly enforced and considerably higher than imposed by many municipalities. Regular monthly payments for 20 years both pay interest and eventually wash off the loan.

**Wanted: A Home**

Why don't more people own their own homes? Belief that the kind they want is too costly, is the main reason, according to a survey just made by Architectural Forum, and sentiment is the main reason why people do own their own homes, the survey found.

Trained investigators asked over 1,000 households for their preference for and against home-owning. All were of the class who might be in the market for a house under $5,000. Those answering were divided into the "middle middle class" which has all the necessities and some of the near luxuries such as auto, radio, refrigerator and a vacation trip, and the "lower middle class" with all the necessities but few of the near luxuries.

"If you were to continue to get the same income would you prefer to rent or own your own home?" was the key question. Four out of five in both the middle middle and lower middle classes would prefer to be homeowners. More of the middle middles (75.8%) want to be homeowners than the lower middles (65.3%). And, not unexpectedly, the bigger the family the greater the desire for a place of their own.

Taking the figures another way shows that 91% of those owning homes wanted to stay homeowners, but only 32.7% of the renters wanted to remain renters.

The people who said they would prefer to own, or, if they could afford it, to buy, were then asked, "Why?"

**Tradition Leads**

And here tradition and human emotion had far more to do with the answers than the pocketbook. "I like the feeling of ownership for the independence it gives" was the biggest reason of all. The second most frequent reason was "I like to fix it up to suit myself." Those two replies account for 50% of the answers, answers as old as man himself. A poor third came the answer that home-owning was a good investment, fourth, that it was, in the long run, more economical. Only a few had the belief that a house offered security for their old age. Only a handful aspired to a "castle" of their own because it gave them "class" in their community, because they didn't have to move often, because they wanted a home for their children or because it developed civic spirit.

Then the renters were asked why they preferred to rent. This group gave fairly definite and strong expressions of opinion. On the whole sentiment played little part with them. "I dislike the financial responsibility of owning" was the most frequent answer. One out of every three gave it. Women disliked the responsibility more than men (36% and 29%). Second biggest answer was, "Can't afford the kind wanted," which is probably just a realistic statement of the main objection.

**Tapping Demand**

"Why don't you own a home now?" the renters who wanted to be owners were asked. Over 34% replied, "Can't afford the kind of house we want!" Over 18% said they couldn't afford the down payment. Oddly enough, this factor bulks larger in the minds of the women than with the men.

The conclusion is that a great many now renting could be induced to become homeowners; that the biggest factor in tapping this tremendous potential demand will be the installment mortgage such as the Dominion Housing Act is now offering.

"Pay for it like rent."

## Employees Give Banquet to Company Manager

The 1,400 employees of the Canadian Johns-Manville Co. recently joined with officials and leading citizens of Asbestos, Que., in tendering a banquet and presentation to H. K. Sherry, operations manager of the company, as a token of the goodwill and respect he has fostered during his 19 years' association with the concern. The gathering was presided over by Mayor Philippe Roy of Asbestos, who paid tribute to Mr. Sherry for the manner in which he had administered the company's operations and contributed to communal harmony.

## Investment Trusts

| | Bid | Asked |
|---|---|---|
| Can. Amer. Trust | 3.00 | 3.40 |
| Can. Invest. Fund | 3.30 | 3.65 |
| All Can. Trustee | 10.50 | 11.25 |
| Trans Canada | 10.40 | 11.15 |
| Grouped Income | 4.14 | 4.60 |
| Can. Equity | 10.00 | 10.50 |
| Can. Int. Tr., modified | 5.00 | 6.00 |
| Do., unmodified | 4.50 | 5.50 |


## DIVIDEND NOTICES

**The Dominion Bank**

Notice is hereby given that a Dividend of two and one-half per cent upon the paid up Capital Stock of this Institution has been declared for the quarter ending 31st December, 1937, making a total distribution of ten per cent for the current year — the Dividend will be payable at the Head Office of the Bank and its Branches on and after Monday, the third day of January, 1938, to shareholders of record of the 20th December, 1937.

By Order of the Board.
ROBERT RAE,
General Manager.
Toronto, 17th November, 1937.

**Chartered Trust and Executor Company**

Notice is hereby given that a dividend of 1% has been declared on the paid-up Capital Stock of Chartered Trust and Executor Company for the quarter ending December 31st, 1937, payable January 3rd, 1938, to shareholders of record at the close of business December 15th, 1937.

By Order of the Board.
E. W. McNEILL,
Secretary.
Dated at Toronto, November 18th, 1937.

**FORD MOTOR COMPANY OF CANADA, LIMITED**

DIVIDEND NO. 40

The Board of Directors has declared a cash dividend of twenty-five cents (.25) per share, payable on all of the outstanding shares of the company on December 18th, 1937, to shareholders of record at the close of business November 27th, 1937.

D. B. GREIG,
Secretary.
Windsor, Ont., November 15th, 1937.

## DIVIDEND NOTICES

**Windsor Court Apartments Limited**

Notice is hereby given that a payment of interest on the Company's outstanding Six Per Cent Bonds as represented by coupon No. 13, due December 1st, 1933, will be made on December 1st, 1937.

WILFRED C. JAMES,
Secretary.

Holders of bearer bonds are requested to forward their names and addresses to the trustee for the bond holders, Chartered Trust and Executor Company, 34 King St. West, Toronto, in order to receive communications regarding the affairs of the Company.

**Consolidated Sand and Gravel Limited**

PREFERRED DIVIDEND No. 19

Notice is hereby given that a dividend of Seven dollars ($7.00) per share has been declared on the Preference Shares of Consolidated Sand & Gravel Limited, for the current fiscal year, payable December 15th, 1937, to Shareholders of record at the close of business December 4th, 1937.

By order of the Board,
A. M. HARNWELL,
Secretary.
Toronto, Ontario, November 23rd, 1937.

DIVIDEND NOTICE
**HIRAM WALKER-GOODERHAM & WORTS LIMITED**

DIVIDEND NO. 48

A quarterly dividend of 25¢ a share has been declared on the outstanding no par value Cumulative Dividend Redeemable Preference Stock of this company, payable Wednesday, December 15, 1937 to shareholders of record at close of business on November 26.

DIVIDEND NO. 49

A quarterly dividend of $1.00 a share has been declared on the outstanding no par value Common Stock of this company, payable Wednesday, December 15, 1937 to shareholders of record at the close of business November 26.

By Order of the Board.
FLETCHER RUARK,
Secretary.
Walkerville, Canada
November 13, 1937.

NOTICE OF DIVIDEND
**Gunnar Gold Mines Limited**
(No Personal Liability)
Dividend Number 1

A dividend of 3% has been declared by the Directors, on the Capital Stock of the Company, payable on the 15th day of December, to shareholders of record at the close of business on the 1st day of December, 1937.

DATED the 13th day of November, 1937.
B. E. KEARNS,
Secretary-Treasurer.

Shareholders should see that stock certificates they hold are registered in their names by December 1st in order to receive this dividend direct.

**Little Long Lac Gold Mines Limited**

25 King St. W., Toronto, Ont

Dividend Notice
Dividend No. 7.

Notice is hereby given that a dividend of 10c. per share has been declared by the Directors of Little Long Lac Gold Mines Limited, payable in Canadian funds on December 30, 1937, to shareholders of record at the close of business on December 6, 1937.

By order of the Board.
L. A. MACDONALD,
Secretary-Treasurer.
November 18, 1937.

**ANGLO-HURONIAN LIMITED**

DIVIDEND No. 6

NOTICE IS HEREBY GIVEN that a dividend of Ten (10c) cents per share, in Canadian funds, on the issued Capital Stock of the Company, has been declared payable January 3rd, 1938, to shareholders of record at the close of business December 15th, 1937.

J. INGRAM,
Secretary-Treasurer.
Toronto, November 6th, 1937.

## DIVIDEND NOTICES

DIVIDEND NOTICE
**English Electric Company of Canada, Limited**
CLASS "A" SHARES

Notice is hereby given that the Board of Directors have declared a dividend of sixty-two and one-half cents (62½c) per share on the outstanding Class "A" shares of the Company, payable December 15th, 1937, to shareholders of record at the close of business on November 30th, 1937.

AUBREY MUNDY,
Secretary.

**Dominion Textile Co. Limited**

*Notice of Preferred Stock Dividend*

A DIVIDEND of One and Three Quarters per cent. (1¾%) has been declared on the Preferred Stock of DOMINION TEXTILE COMPANY, Limited, for the quarter ending 31st December, 1937, payable 15th January, 1938, to shareholders of record 31st December, 1937.

By order of the Board,
L. P. WEBSTER,
Secretary.
Montreal, 18 November, 1937.

**Dominion Textile Co. Limited**

*Notice of Common Stock Dividend*

A DIVIDEND of One Dollar and Twenty-five cents ($1.25) per share, has been declared on the Common Stock of DOMINION TEXTILE COMPANY, Limited for the quarter ending 31st December, 1937, payable 3rd January, 1938, to shareholders of record 15th December, 1937.

By order of the Board,
L. P. WEBSTER,
Secretary.
Montreal, 18th November, 1937.

**Lake Shore Mines, Limited**
(No Personal Liability)
Dividend No. 71 — Bonus No. 28

NOTICE is hereby given that a quarterly dividend of One Dollar per share, together with a bonus of One Dollar per share, on the issued capital stock of the Company, will be paid on the fifteenth day of December, 1937, to shareholders of record at the close of business on the first day of December, 1937.

By order of the Board.
KIRKLAND SECURITIES, LIMITED.
Secretary.
Dated at Kirkland Lake, Ontario, November 15th, 1937.

**The Montreal Cottons Limited**

NOTICE IS HEREBY GIVEN THAT A DIVIDEND OF ONE HALF OF ONE PER CENT (½%) has been declared upon the Common Stock of the Company, and cheques will be mailed on the fifteenth day of December next, to shareholders of record at the close of business on the 30th day of November, 1937.

By Order of the Board,
CHAS. GURNHAM,
Secretary-Treasurer.
Valleyfield, November 18th, 1937.

**The Montreal Cottons Limited**

NOTICE IS HEREBY GIVEN THAT A QUARTERLY DIVIDEND OF ONE AND THREE QUARTERS PER CENT (1¾%), being at the rate of Seven per cent (7%) per annum, has been declared upon the preferred stock of the Company, and cheques will be mailed on the fifteenth day of December next, to shareholders of record at the close of business on the 30th day of November, 1937.

By Order of the Board,
CHAS. GURNHAM,
Secretary-Treasurer.
Valleyfield, November 18th, 1937.

**CANADA PERMANENT MORTGAGE CORPORATION**

Notice is hereby given that a Dividend of TWO PER CENT on the paid-up Capital Stock of the Corporation has been declared for the current quarter, and that the same will be payable

MONDAY, THE THIRD DAY OF JANUARY

next, to Shareholders of record at the close of business on the Fifteenth day of December, 1937.

By order of the Board,
WALTER F. WATKINS,
Secretary.
Toronto, November 17th, 1937.

# Testing Time for Merchandising Companies

## Next Few Weeks Will Tell Story of Year for Canada — Price Drop Seen

Canada's merchandising industry appears to be on the eve of a price adjustment which may have far reaching effect.

A glance at the accompanying chart shows that in recent months commodity or wholesale prices have been declining while retail prices have continued to advance.

The obvious indication is either that commodity prices will climb sharply (a development which is considered unlikely in the immediate future) or that retail prices will take an early drop. If this drop were to develop suddenly and particularly before or during the middle of the important Christmas trade this would certainly upset profits. In any case any considerable and rapid readjustment would cut into the earnings of those merchandising companies which had accumulated inventories at higher prices.

While a survey of the Canadian merchandising field to date shows an encouraging maintenance of business for the year retail executives are looking to the Christmas trade as the main factor which will determine their showing for the year. If, as forecast in some quarters, this trade shows marked recession the picture may be changed drastically. A drop of 5% in trade could conceivably be reflected in a drop of as much as 25% in company earnings.

### Position Sound

Meanwhile the industry as a whole shows itself in a fairly sound position to meet the future.

Retail indices to the end of September show levels, with one exception, maintained above 1936 while reports since that time indicate a small decline only in certain specific cases.

Employment in the wholesale branch of the industry has recorded a slight falling off though still well ahead of the 1936 level. No recession has yet been seen in the retail trade.

The following table of retail sales up to the end of September shows an increase of 8.3% above 1936.

**Nine Months Retail Sales**

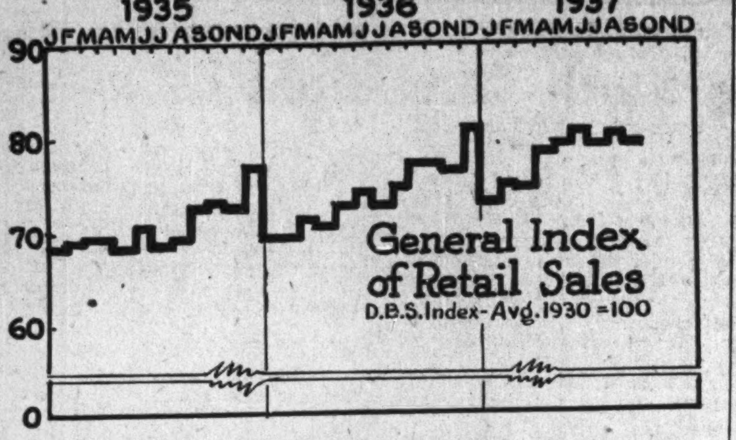
| | 1937 Compared With | |
|---|---|---|
| Business: | 1936 % Change | 1930 % Change |
| Boots & shoes | +5.1 | —23.6 |
| Candy | —2.2 | —43.1 |
| Men's clothing | +10.8 | —30.6 |
| Women's clothing | +7.6 | —36.5 |
| Departmental | +6.7 | —24.1 |
| Drugs | +6.2 | —21.7 |
| Dyers & cleaners | +1.0 | —21.4 |
| Furniture | +18.0 | —11.5 |
| Groceries & meats | +9.3 | —18.0 |
| Hardware | +14.8 | —13.9 |
| Music & radio | +13.7 | —43.9 |
| Restaurants | +4.1 | —45.8 |
| Variety | +7.8 | —5.8 |
| General index | +8.3 | —23.2 |

The only trade to fall behind its 1936 result, candy and confectionery, reports a bad month in August due to adverse weather conditions throughout the country, and to the polio epidemic in Ontario. September business, however, improved by 10.6% over August.

Furniture returns were 18% higher during the nine months period, followed by hardware at 14.8% and radio and music at 13.7%.

### Position of Inventories

The most recent published inventory figures indicate an upward trend in dollar values, but only a slight one. The balance sheets of the companies included in this review, published at various times during the year, show a composite increase of inventories from $19.2 millions to $19.5 millions between the ends of their two most recently reported fiscal years. This is a gain of 1.5% and probably represents a decline in physical volume in view of the steady increase in price levels during the past two years. It should be noted that this survey does not include food companies, which were reviewed separately in a recent issue.




Retail business has improved progressively during the past two years, although sales in September, 1937, declined from the August level for the first time during the period.

### The Hardware Trade

Hardware companies report that business has been booming this year, largely due to the help given by the Home Improvement Plan, better times enjoyed by Canadian farmers everywhere except in Saskatchewan and more building. Good demand for hardware has also come from the busy mining areas. On the whole business is well ahead of 1936 and almost equal to 1930.

Wholesalers now state that the general demand is slackening, and that they are beginning to catch up on back orders. This is a seasonal development, and so is not significant in this survey. Inventories are said not to be excessive, although they are generally believed to be above the levels of a year ago.

### Variety Stores

Sales of variety stores are running well ahead of 1936, and have not shown any tendency to slacken yet. Every province except Saskatchewan reported higher volume of business in September. Ontario and some other parts of eastern Canada were slowed up by the polio epidemic, but it was otherwise not widespread in its effects. Sales in the first nine months of the year were up 7.8%, the largest gain being made in the Maritimes, 12.3%, and the smallest, 3.4%, in Saskatchewan.

One official interviewed by The Financial Post said that his company was not worried by the possibility of lower retail prices, providing, of course, that it is not too severe. Most of the industry only carries an inventory sufficient for 60 days and so does not gamble on price levels.

### Boots and Shoes

There has been a steady increase in business done by boot and shoe concerns all year, the first nine months showing an increase of 5% over 1936 sales. Two chains operating 50 stores in eastern Canada report increased demand for all classes of footwear, with an apparent trend toward a higher price average.

### Department Stores

Sales of department stores are running well above 1936 levels, with the first nine months showing a gain of 6.3% over last year. Quebec led the way with a gain of 11.7%. The Prairie Provinces were lowest with 2.2% gain.

Department store officials interviewed report luxury lines slowing up this fall, notably jewellery and silverware, but other departments holding well ahead. They also point out that too much depends on the Christmas trade to permit any forecasts before the end of the year.

Inventories present a problem to all department stores, for they must necessarily be large at all times, and particularly in the Christmas season. Departmental store buying has been very cautious since 1930, and is kept as close to requirements as possible. In many lines it is entirely hand-to-mouth purchasing.

One executive states that losses would obviously be suffered if retail prices moved down to any extent, but says that his company is not worrying as much as they would have a few years ago.

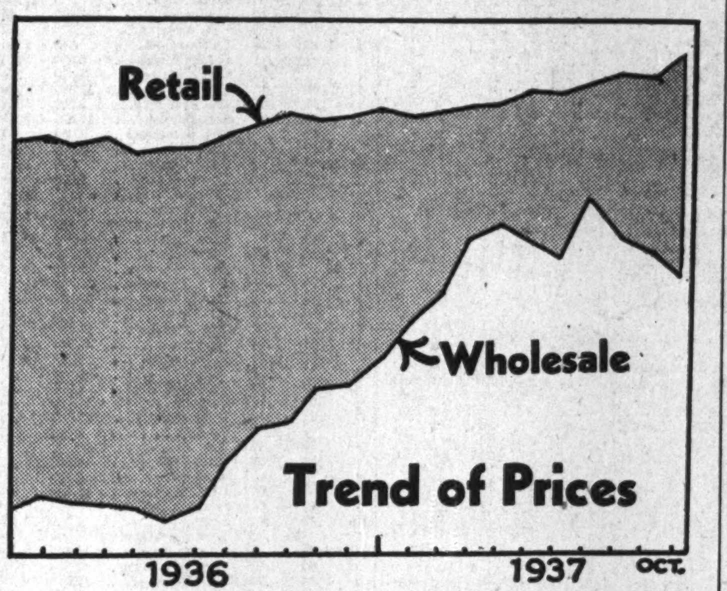
### Drug Business

Retail drug business is reported very good all year, with advance wholesale buying for the Christmas trade being the best in several years. Higher priced toiletries, especially perfumes, are in heavier demand. It should be noted that the retail trade might have difficulties if Christmas business turns light, or if prices drop suddenly.

### Men's Wear

Lower prices for raw cotton and wool are apparently being reflected already in the ready-to-wear trade for men's clothing. The first half of the year was good, with increases over 1936 noted, but since that time there has not been the same recovery as reported by other lines. General clothing and specialties have stayed in better demand, however, and the industry as a whole showed an advance of 10.8% for the first nine months.

The men's clothing trade has changed in recent years to a general policy of day-to-day buying, so finely executed in some departments that changes in weather are reflected daily in wholesale ledgers. Accessories and special lines are bought ahead, but their volume is light compared with general clothing stocks. For this reason retailers have few inventory worries, which at present are being borne by the underlying industries.




While commodity prices have been dropping sharply since early in the year retail prices have continued to advance. The Dominion Bureau of Statistics wholesale index, based on 567 commodities, dropped to 83.5 by mid-November, two points down from the July peak and almost 17% below the 1926 normal. The retail price index on the other hand has reached the high level of the year.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7-37


# Merchandising Firms in Review

A survey of the major merchandising companies in Canada in which there is public investment interest presents a general picture of improved sales followed in most cases by slightly higher earnings. In some cases dividends have been resumed after a lapse of five to seven years. The following review is based on reports at the end of fiscal periods which in most cases cover only the earlier part of the present calendar year:

• • •

### Agnew-Surpass Shoe

Agnew-Surpass Shoe Stores, manufacturers and distributors of shoes through a chain of retail stores located in all the provinces east of Manitoba, has shown a consistent increase in sales and earnings. Current operations are reported to show the same trend as last year, when gross sales had a value of $2.6 millions, the highest of any year since 1931. Earnings on the capital stock have improved to such an extent that in the year ended last May, the company was able to pay 80 cents a share on common and in September a further bonus of 30 cents. Indications are that the payment on stock this year will be well over $1 a share.

The company has had a net profit available for dividends every year through the depression and fully earned its preferred dividends in every year except 1932-33. Dividends on the preferred have been maintained since its issue in 1928 and those on the common since commencement of payments in March, 1934.

• • •

### A. J. Freiman Ltd.

A deficit of $1.41 a share on preferred compared with a profit of 18 cents was reported by A. J. Freiman Ltd. for the year ended Dec. 31, 1936, and dividends have been deferred since that date, being now $6 in arrears. No payments have been made yet on common. Company operates department stores in Ottawa, Renfrew, and Pembroke. The balance sheet showed inventories decreased by $153,000 to $661,829, but $164,048 was debited from surplus for this purpose, leaving stocks on hand apparently slightly higher.

• • •

### Gordon and Belyea Ltd.

Improvement in sales and working capital position was reported by Gordon & Belyea Ltd. during first six months of the current year, and better profits were reflected in the payment of all dividend arrears on the first preferred in July. No dividends have been paid since 1932 on the second preferred, which is now on a non-cumulative basis, and none have been paid on the common since 1930. Principal public interest is on the first preferred.

• • •

### Holt, Renfrew & Co.

Holt, Renfrew and Co., operating retail stores dealing in furs and ready-to-wear clothing, undertook a major move this year when, following the sale of its St. Catherine Street property in Montreal, it undertook construction of a new store building on Sherbrooke Street West. Considerable hope is held out that this move will result in re-establishment of the company's earning power, which suffered severely during the depression years. The company is not yet earning its preferred dividend.

On Aug. 1 last, the company paid off at maturity all outstanding 6½% first mortgage bonds, amounting to $362,000.

• • •

### Hudson's Bay Co.

Operations last year were improved to permit payment by Hudson's Bay Co. of all preferred dividend arrears, which had been accumulating since July, 1930. Net profits of £226,695 compared with £144,717 in 1935 and £40,981 in 1934, the general manager stating at the annual meeting that all the company's retail stores were operating at a profit for the first time.

In addition to a chain of general and retail stores throughout western Canada, the company is heavily interested in the fur trade and land business. Higher fur prices in 1936 compensated for a shortage of pelts, while land business showed improvement in spite of adverse conditions.

• • •

### C. W. Lindsay & Co.

Sales of C. W. Lindsay and Co., distributors of musical instruments and electrical apparatus throughout the eastern part of Ontario and Quebec, have shown a satisfactory increase this year to date. Returns for the full year ended Feb. 28 next will depend very largely upon the Christmas trade. At the moment prospects are somewhat indefinite, but the likelihood is that the company will show an improvement with operations in the black, compared with an operating deficit in each of the past six years.

This company has a strong working capital position. A large part of its income in recent years has come from investments and interest on installment sales. The funded debt has been reduced to only $300,000, while the original preferred stock issue of $1.2 million has been reduced to $481,200.

Earnings have been disappointing in recent years and unless there is a marked improvement, there is no immediate likelihood of a resumption of dividends on the preferred stock in the near future.

• • •

### J. S. Mitchell & Co.

Industrial activity in the eastern townships, the area served by J. S. Mitchell and Co., has been on a better scale this year, and it is expected the company will report better earnings for 1937 than in 1936 when net profits were equal to $23.23 a share on preferred and $2.97 on common.

Demand for hardware and builders' supplies such as handled by J. S. Mitchell, has shown a fair degree of stability over recent years.

• • •

### Robin, Jones and Whitman

Prospects are that Robin, Jones and Whitman will operate at a profit this year, a condition which has not existed for several years.

There is limited public interest in this enterprise, which operates a trading and fishing business in Quebec, New Brunswick and Nova Scotia. Originally established in 1766 the company has had a fairly successful career, but conditions in recent years have militated against profitable operations. Financially, Robin, Jones and Whitman occupies a satisfactory position, but until earning power is re-established, prospects for both the preferred and common shareholders are somewhat limited.

• • •

### Simpsons Ltd.

Interest has been earned and paid regularly on the bonds of Simpsons Ltd., the holding company for the Robert Simpson department stores and mail order business, but the preferred stock has not fared so well, being $22.25 in arrears at present. Preferred dividends are cumulative at the rate of $6.50 per share and payments of $2 in 1935, $2 in 1936, and $4 in the 1937 fiscal periods were made. During the current year $4.75 has been distributed, and the company reports sales running well above those of last year.

A plan for the cancellation of arrears was approved by shareholders last spring, but the management has postponed further action in the matter. No dividends have been paid on the Class B stock since 1931, and none at all on the Class A.

Interest and dividends on the bonds and preferred stock of Robert Simpson Co., the operating company, have been paid regularly. All common shares are owned by the parent company.

• • •

### Stedman Bros. Ltd.

An increase of 41.2% in sales was reported by Stedman Bros. Ltd. for the first 24 weeks of 1937, with net profits of $78,430 against $45,143 in the corresponding period of 1936. An issue of 6,000 preferred shares, par value $50, was sold to the public this year, and dividends are being paid regularly at the rate of $3.50 per year. The company operates 135 variety stores, most of them in Ontario, of which 43 are owned and 92 are under franchise.

### G. Tamblyn Ltd.

Reflecting the improved conditions which the drug trade generally has been enjoying, the Tamblyn chain reports sales of $2.6 millions in the first nine months of 1937 compared with $2.5 millions in the corresponding period of 1936. There are 62 stores, all operating in Ontario.

Investment attention is principally centred on the preferred stock, whose dividend has always been earned and regularly paid. Dividends on the common were initiated in 1936, the present rate being 80 cents per year. Working capital position is strong, and operations are still expanding.

• • •

### Tip Top Tailors

Satisfactory business in the first half of the current year was reported by Tip Top Tailors, which has steadily improved its position in each of the last four fiscal years. The common stock, on which 25 cents was paid in 1935 and 1936, has recently been placed on a regular 60-cent basis. Preferred dividends have been paid regularly since arrears were cleaned off in 1934, and last year were earned by a wide margin. The preferred is the principal investment vehicle.

Increased volume of business, both in unit and dollar totals, was reported last year. The company manufactures men's and women's clothing and distributes its products through agencies and its own stores throughout Canada.

• • •

### Wentworth Radio and Supply

Preferred dividends of Wentworth Radio & Supply Co. are now $42.25 in arrears, none having been paid since 1931. Business improved in 1936, when 44 cents profit was shown on each preferred share in eight months, compared with six cents in the preceding full year period. The dividend rate is $6.50. No dividends have yet been paid on either the Class A or B shares, on both of which deficits have been shown during each of the past seven years.

The company is engaged in the retail and wholesale selling of automobile and radio supplies and accessories, sporting goods, and other lines, having stores at Hamilton, St. Catharines and Kitchener. Public interest lies chiefly in the preferred stock.

• • •

### Willson Stationers

Earnings of $9.90 per share on preferred compared with $5.50 in the previous period were reported by Willson Stationers & Envelopes for the year ended April 30, 1937. Dividends have been paid regularly on the preferred in which the public is mainly interested, since arrears were cancelled in the reorganization of 1936. The company carries on a stationery and office equipment business with retail branches in the principal cities of western Canada. No dividends have yet been paid on the common.

• • •

### Wood, Alexander and James

Resumption of dividends on the first preferred stock after a six-year interval indicates that Wood, Alexander & James Ltd. has shared in the general betterment of the hardware trade. The shares carry a $7 cumulative rate, and net profits of $6.14 per share were reported in the year ended Jan. 31, 1937, compared with 68 cents and $1.13 in the preceding periods. Arrears now stand at $38.50 per share.

There are also outstanding $400,000 first mortgage 6% bonds, and a second preferred stock issue which is $89.25 in arrears, but both issues are privately held. No dividends have been paid on the common.

• • •

### Zellers Ltd.

Sales of $1.9 million were reported by Zellers Ltd. in the five months ending June 30, 1937, compared with $1.7 million in the corresponding period of 1936, while sales in the year ended Jan. 31, 1937, amounted to $4.5 millions compared with $4.2 millions in the previous year. The company operates a chain of 22 variety stores in Ontario, Quebec, Manitoba, and New Brunswick.


PLYMOUTH - BUILT BY CHRYSLER!

YOU'LL LIKE ITS PRICE

"The 1938 Plymouth is the utmost in riding and driving comfort coupled with smart styling. From a driver's viewpoint the new steering is a valued factor for ease in operation and comfort. I have found 1938 Plymouth amazingly economical."

G. WILLSHER,
232 Waterloo St. S.,
Preston, Ontario

"My new 1938 Plymouth is a beauty. I can't praise it too much. I had a 1935 Plymouth that gave me 24 miles to the gallon of gas, was easy on oil and was a great car all around. But my 1938 Plymouth is an amazing improvement. In the 400 miles I have driven it since I bought it it has averaged 23 miles to the gallon of gas and isn't even broken in yet. It is much easier to drive—has plenty of pick-up and power and takes curves without sway. Its chair-height seats are remarkably comfortable. It is an all-round high quality, low cost car."

F. W. BRANSCOMBE,
290 Belsize Drive,
Toronto, Ontario.

... TODAY—See the Brilliant, New 1938 Plymouth! New Beauty Everywhere! Dozens of Advancements and Refinements! Big, Roomy, Comfortable—yet Low In Price!

**READ THE PRICE TAG** on any Plymouth model. You'll get a pleasant surprise! Look what you get for that low figure: a big, roomy car with *double-acting* hydraulic brakes ... Safety-Styled interior ... "radio studio" sound-proofing ... improved Floating Power engine mountings. Plymouth this year steers faster, handles easier, than ever before in Plymouth history. You *must* drive it to know it. Then compare it with other low-priced cars. Like thousands have already done, you'll say —"Plymouth is my choice as the *Big-Value* car in the lowest-price field!" See your nearest Chrysler-Plymouth dealer right away!

**Get Your Local Delivered Price**

YOUR MONEY BUYS MORE

1. Double-acting Hydraulic Brakes. All-Steel Body.
2. "Live" Rubber Mountings between frame and body.
3. Airplane-type Shock-absorbers at each wheel.
4. Improved Floating Power Engine Mountings.

**Commercial Credit Corporation terms through Chrysler-Plymouth dealers.**

*Major Bowes' Amateur Hour, Columbia Network, every Thurs., 9-10 P.M., E.S.T.*

SEE THE NEW 1938 PLYMOUTH

# STOCK AND BOND MARKET QUOTATIONS

## Montreal, Toronto, Curb

The following table is confined to official prices for listed stocks. Where no recent transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

WEEK ENDING NOVEMBER 22

| Range 1937 High | Low | Div. R'te $ | Nov. 20 Y'ld % | | Sales | Last Nov. 15 | Week end. Nov. 22 H | L | Cl'se |
|---|---|---|---|---|---|---|---|---|---|

## Mining Stock Quotations

WEEK ENDED NOVEMBER 22

| Par Val. | Range 1937 High | Low | Company | Sales | Close Nov. 15 (or last) | High for week | Low for week | Close Nov. 22 |
|---|---|---|---|---|---|---|---|---|

VANCOUVER STOCK EXCHANGE

OIL STOCKS

## Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

Nov. 23, 1937

| Public Utility Issues | Int. Rate % | Due | Bid Nov. 23 | Asked Nov. 23 | Bid Nov. 16 |
|---|---|---|---|---|---|
| †Assoc. Tel. & T. | 5½ | '55 | 72½ | 75½ | 73 |
| Beauharnois P. | 5½ | '73 | 62½ | 65½ | 63 |
| ‡Bell Telephone | 5 | '57 | 118 | 121 | 118 |
| B. C. Power ... | 4½ | '60 | 97½ | 100½ | 98 |
| B. C. Tele. .... | 4½ | '61 | 103½ | 106½ | 104 |
| ‡Calgary Pwr. .. | 5 | '60 | 95½ | 98½ | 94½ |
| †Can. Nor. Pwr. | 5 | '53 | 102½ | 105½ | 103 |
| ‡Dom. Gas & El. | 6½ | '45 | 75 | 78 | 78 |
| ‡Gatineau Pwr.. | 5 | '56 | 101½ | 104½ | 102½ |
| †Do., A ...... | 6 | '41 | 100 | 103 | 100 |
| ‡Inter. Hydro-E. | 6 | '44 | 63 | 66 | 65½ |
| ‡Inter. Power .. | 6½ | '57 | 96½ | 99½ | 97 |
| †Macl'n-Que. Pr. | 5½ | '61 | 100½ | 103½ | 101 |
| †Mtl. L., H. & P. | 3½ | '56 | 100 | 103 | 100 |
| †Mtl. Tramways | 5 | '41 | 99½ | 102½ | 100 |
| N. S. Lt. & Pr., | 4 | '57 | 97 | 100 | 97 |
| †Ottawa V. Pwr. | 5½ | '70 | 104½ | 107½ | 104 |
| †Power Corp. .. | 4½ | '59 | 99½ | 102½ | 99 |
| Que. Pwr. .... | 4 | '62 | 94 | 97 | 95 |
| Saguenay P., B | 4½ | '66 | 101 | 104 | 102 |
| Shaw. W. & Pr. | 4 | '61 | 98 | 101 | 99 |
| Wpg. Elec., A . | 4 | '65 | 58½ | 61½ | 61 |
| **Industrial and Realty Issues:** | | | | | |
| †Abitibi P. & P. | 5 | '53 | 58 | 61 | 66 |
| B. A. Oil ...... | 4 | '45 | 102½ | ... | 102 |
| Brown Co. .... | 5½ | '46 | 68 | 71 | 76 |
| Canada Bread . | 6 | '41 | 107 | 110 | 107 |
| Canada Cement | 4½ | '51 | 102 | 105 | 102 |
| Canada Paper . | 4½ | '52 | 96 | 99 | 96 |
| Can. Steamship | 5 | '57 | 73½ | 76½ | 73½ |
| Can. Canners .. | 4 | '51 | 97½ | 100½ | 98 |
| ‡Can. Inter. Pap. | 6 | '49 | 96 | 99 | 98½ |
| C. P. R. ....... | 3½ | '51 | 88½ | 91½ | 91 |
| Do. ......... | 4 | '49 | 93 | 96 | 94½ |
| Do. ......... | 4½ | '44 | 98½ | 101½ | 99 |
| Do. ......... | 6 | '42 | 105½ | 108½ | 106½ |
| Do., debs. ... | 4 perp. | | 85 | 88 | 86 |
| †Consol. Paper . | 5½ | '61 | 42½ | 45½ | 49 |
| ▲Dom. Stl. & C. | 6½ | '55 | 96½ | 99½ | 97½ |
| Dom. Tar ..... | 4½ | '51 | 99 | 102 | 100 |
| †Donnacona P. . | 4½ | '56 | 73 | 76 | 75½ |
| Famous Players | 4½ | '51 | 95 | 98 | 98 |
| †Federal Grain . | 6 | '49 | 81 | 85 | 81 |
| †Fraser Cos. ... | 6 | '50 | 100 | 103 | 100 |
| †Gen. Steel W. . | 4½ | '52 | 92 | 95 | 91½ |
| Great Lakes P. | 5 | '35 | 90½ | 93½ | 93½ |
| †Gypsum, Lime. | 5½ | '48 | 98½ | 101½ | 98 |
| Lake St. John P. & P. ..... | 5½ | '61 | 96 | 99 | 96 |
| †Massey-Harris . | 5 | '47 | 93½ | 96½ | 95 |
| †McColl-Front. . | 6 | '49 | 103 | 106 | 103½ |
| ‡M. & O. Paper | 6 | '45 | 34½ | 37½ | 41½ |
| Price Bros. .... | 5 | '57 | 96 | 99 | 99 |
| ‡Prov. Paper ... | 5½ | '47 | 101½ | ... | 102 |
| †Restigouche C.. | 6 | '48 | 98 | 101 | 99 |
| Simpsons Ltd. . | 4½ | '51 | 93 | 96 | 93½ |
| Smith, Howard. | 4½ | '51 | 102 | 105 | 102 |
| †Steel of Canada | 6 | '40 | 109 | 112 | 109 |
| Union Gas .... | 4½ | '50 | 98 | 101 | 98 |

‡Payable in Can. or U. S. †Payable in Can., U. S. or U. K. ▲Payable in Can. or U. K.

## Winnipeg Stocks

Transactions from Nov. 15 to Nov. 20

| | Sales | High for period | Low for period | Close Nov. 20 |
|---|---|---|---|---|
| Cryderman .... | 1,000 | .01 | .01 | .01 |
| Candn. Fire ... | 4 | 81.00 | 81.00 | 81.00 |
| Dickstone Cop.. | 3,000 | .02 | .01½ | .01½ |
| Federal Gr'n, c. | 40 | 1.00 | 1.00 | 1.00 |
| Flin Flon ...... | 2,500 | .05 | .05 | .05 |
| Gold Lake ..... | 1,500 | .02 | .02 | .02 |
| Gurney ........ | 6,500 | .33 | .30 | .30 |
| Gt. Falls M. ... | 500 | .02½ | .02½ | .02½ |
| Marvel Oils ... | 200 | .06 | .06 | .06 |
| Ore Grande ... | 1,500 | .02½ | .02½ | .02½ |
| Sachigo River.. | 430 | 12.00 | 9.00 | 11.75 |
| Star Lake ..... | 1,000 | .01½ | .01½ | .01½ |
| United Grain .. | 6 | 7.00 | 7.00 | 7.00 |
| Wendigo ....... | 100 | .20 | .20 | .20 |
| Wings Ltd. .... | 800 | .70 | .70 | .70 |
| Wylie Dom. ... | 6,100 | .30 | .25½ | .26½ |
| Wingold ....... | 1,500 | .02½ | .02 | .02½ |

**Stocks Not Traded in During Week***

| | Bid | Asked |
|---|---|---|
| Beaver Fire Insurance ....... | ... | 100 |
| Can. Indemnity ............. | 125 | ... |
| Can. Airways ............... | 3½ | ... |
| Cres. Cream., pf. .......... | ... | 32 |
| Dom. Envelope .............. | 2½ | 3½ |
| Do., pref. ................. | 95 | 98¼ |
| Federal Grain, pref. ........ | ... | 33 |
| Home Investment ............ | ... | 22½ |
| Reliance Grain, pf. ......... | ... | 72 |
| Northern Can. Mtge., pf. .... | 3 | ... |
| Northern Trust ............. | ... | 8 |
| West. Breweries ............ | 1⅜ | ... |
| West. Grain, pf. ........... | 5 | ... |
| West. Steel, pf. ........... | 12¼ | 14 |
| Traders Bldg. .............. | 82½ | ... |

*Stocks more active on other exchanges not included.

## Municipal Bonds

November 24, 1937

| | Rate | Due | Bid | Ask. | Yld. |
|---|---|---|---|---|---|
| †Halifax ... | 5 | 1961 | 112.00 | 113.50 | 4.11 |
| Hamilton .. | 5 | 1950 | 110.40 | 112.40 | 3.75 |
| Montreal .. | 5 | 1945 | 104.50 | 106.00 | 4.05 |
| Ottawa ... | 4½ | 1945 | 106.25 | 108.25 | 3.25 |
| †Quebec ... | 5 | 1959 | 104.50 | 106.00 | 4.57 |
| Saint John | 5 | 1950 | 106.00 | 108.00 | 4.22 |
| †Toronto ... | 4½ | 1955 | 110.00 | 112.00 | 3.57 |
| †Vancouver . | 5 | 1950 | 85.00 | 90.00 | 6.15 |
| Winnipeg . | 5 | 1944 | 97.00 | 101.00 | 4.81 |

†Payable Can. and N. Y.

## Stock Sales

| | Montreal Markets Indust. | Montreal Markets Mines | Toronto Markets Ind. & Mines |
|---|---|---|---|
| Nov. 23 ...... | 44,800 | 66,800 | 391,000 |
| Nov. 22 ...... | 45,600 | 91,100 | 490,000 |
| Nov. 20 ...... | 31,300 | 32,200 | 250,000 |
| Nov. 19 ...... | 49,700 | 123,100 | 563,000 |
| Nov. 18 ...... | 25,200 | 179,400 | 505,000 |
| Nov. 17 ...... | 17,800 | 87,800 | 800,000 |

## Unlisted Stocks

(Furnished by A. J. Pattison Jr. & Co., Toronto)

Nov. 23, 1937

| | Bid | Asked |
|---|---|---|
| **Industrial Stocks:** | | |
| Acadia Sugar, pfd. ......... | 4.25 | 4.75 |
| Acme Farmers Dairy, pfd. . | 30.00 | .... |
| Algoma Steel, com. ........ | 5.50 | 6.50 |
| Do. pfd. ................ | 47.00 | 50.00 |
| Andian National .......... | 44.00 | 47.00 |
| Barrymore Cloth, pfd. ...., | 25.00 | 28.00 |
| Brandram-Henderson, com. | 5.00 | 6.00 |
| Do., pfd. ............... | 20.00 | .... |
| B. C. Pulp & Paper, com. . | 22.00 | 24.00 |
| Do., pfd. ............... | 82.50 | 86.00 |
| Burns & Co., A .......... | 7.00 | 8.00 |
| Do., B ................ | 3.00 | 3.50 |
| Can. Airways ............. | 4.00 | 5.00 |
| Can. Industries, A com. ... | 200.00 | .... |
| Can. Ingersoll Rand ...... | 105.00 | 112.00 |
| Can. Tube & Steel, com. .. | 5.50 | 7.00 |
| Do., 1st pfd. ........... | 84.00 | 90.00 |
| Do., 2nd pfd. ........... | 16.00 | 20.00 |
| Can. Westinghouse ........ | 49.00 | 51.00 |
| Chase, A. W., pfd. bonus .. | 27.00 | .... |
| Conduit Nat., com ........ | 3.40 | 4.10 |
| Dom. Found. & Steel, pfd. . | 98.00 | 100.00 |
| Dominion Woollens, pfd. .. | 1.50 | 2.00 |
| Dunop Tire, pfd. ......... | 82.50 | .... |
| Federal Grain, pfd. ....... | 17.00 | 22.00 |
| Goderich Elevator ........ | 3.75 | 4.20 |
| Guelph Carpet, pfd. ...... | 103.00 | 105.00 |
| Do., com. .............. | 23.00 | .... |
| Hayes Steel Prod., com. ... | 6.10 | 7.50 |
| Do., pfd. .............. | 6.75 | 8.00 |
| Highland Dairy, pfd. ...... | 74.00 | 80.00 |
| Huether Brewing, pfd. ... | 2.00 | .... |
| Kingston Shipbuilding Units ............... | 7.75 | .... |
| Loblaw Inc., pfd. bonus ... | 77.00 | 81.00 |
| McCormick's, com. ........ | 3.00 | 4.25 |
| Morrison Brass, pfd. bonus . | 7.50 | 9.50 |
| Mount Royal Hotel, pfd. .. | 2.50 | 3.25 |
| New Method Laund., pfd. bonus ............... | 88.00 | 92.00 |
| Paterson, Wm., pref. ...... | 100.00 | .... |
| Perfection Pete., pfd. ..... | 20.00 | 22.50 |
| Provincial Paper, pfd. .... | 106.00 | 107.75 |
| Reliance Grain, pfd. ....... | .... | 70.00 |
| Rob. Consol. Cone ........ | 9.00 | 9.50 |
| Ruddy, E. L., pfd. ........ | .... | 31.00 |
| Seal O Sac (Can.) ......... | 5.25 | 7.00 |
| Standard Fuel, com. ...... | 3.25 | 4.50 |
| Do.. pfd. .............. | 73.00 | 77.00 |
| Supertest Pet., B pfd. ..... | 27.00 | 28.50 |
| Toronto Carpet, com. ..... | 51.00 | 55.00 |
| Do., pfd. .............. | 57.00 | 62.00 |
| United Farmers Co-oper. . | 2.50 | .... |
| United Steel, A pfd. ...... | 14.50 | 16.00 |
| Viceroy Mfg., pfd. & rts. . | 17.00 | 18.75 |
| Western Grain, pfd. bonus | 5.25 | 6.50 |
| Weston (Geo.) Foods (Eng.) | 2.50 | 3.00 |
| **Trusts and Loan Stocks:** | | |
| Chartered Trust .......... | 97.50 | 101.75 |
| Commercial Finance ...... | 2.50 | 3.00 |
| General Trust of Can., pfd. | 110.00 | 116.00 |
| Guelph Ont. Inv., par $50 . | 52.00 | 55.00 |
| London & West. Trust .... | 51.00 | 55.00 |
| Premier Trust ............ | .... | .... |
| Prudential Trust .......... | 6.00 | .... |
| Sherbrooke Trust ......... | 120.00 | .... |
| Sterling Trust ........... | 40.50 | .... |
| Traders Fin., A com. ...... | 12.00 | 14.00 |
| Do., inc. rights ......... | 10.00 | 11.50 |
| Do., B pfd. bonus ....... | 87.00 | 91.00 |
| Trusts & Guarantee ....... | 27.00 | 28.00 |
| **Insurance Stocks:** | | |
| Canada Life .............. | 530.00 | .... |
| Canadian Ins. Shares ..... | 18.00 | 20.00 |
| Confederation Life 20% pd. | 110.00 | 112.00 |
| Continental Life 20% pd. ... | 38.00 | .... |
| Crown Life Fully Paid .... | 170.00 | .... |
| Dominion Fire ............ | 132.00 | .... |
| Dom. of Can. Gen. ....... | 120.00 | 128.00 |
| Empire Life 25% pd. ...... | 12.50 | 13.75 |
| Federal Fire 25% pd. ...... | 43.00 | .... |
| Great West Life .......... | 300.00 | 315.00 |
| Guar. of N.A., fully pd. .. | 320.00 | 375.00 |
| Halifax Fire Ins. ......... | 23.00 | 24.50 |
| Imperial Life ............ | 340.00 | 355.00 |
| Manufacturers Life ....... | 250.00 | 270.00 |
| Monarch Life 10% pd. .... | 22.00 | 24.50 |
| Sovereign Life 25% pd. ... | 14.50 | 16.50 |
| Sun Life ................. | 370.00 | 410.00 |
| Western Assce., pfd. ..... | 40.00 | 42.00 |
| Do., com. .............. | 46.00 | 50.00 |
| **Theatre Stocks:** | | |
| Allens College, pfd. ....... | 56.00 | .... |
| Do., Kingston, pfd. ..... | 60.00 | .... |
| Do., St. Catharines, pfd.. | 60.00 | .... |
| Do., Tor., pfd. bonus com. | 34.00 | .... |
| Loew's London, pfd. ....... | 2.00 | 2.90 |
| Mansfield Theatre, pfd. ... | 26.00 | 30.00 |
| Paramount Kitchener, pfd.. | 45.00 | 52.50 |
| Do., Oshawa, pfd. ....... | 86.00 | 92.00 |
| United Amusement, A, V.T. | 18.50 | 20.00 |
| Do., B ................. | 18.50 | 20.00 |
| **Investment-Trust Shares:** | | |
| Can. Gen. Invest. ......... | 8.50 | 8.70 |
| Can. Investment Fund ..... | 3.35 | 3.70 |
| Can. Investors ........... | 6.50 | 7.25 |
| Cons. Div. Std Sec., com. . | .25 | .... |
| Do., pfd. .............. | 10.75 | .... |
| Corporate Investors ....... | 6.00 | 6.40 |
| Invest. Found., pfd. bonus . | 49.50 | 52.00 |
| Lon. Can. Invest., pfd. .... | 48.50 | .... |
| Sec's. Hold., pfd. bonus .... | 17.00 | 18.50 |
| United Corpns., A ......... | 19.75 | 21.50 |
| Do., B ................. | 10.00 | 14.00 |
| **Power Issues:** | | |
| Can. West. Nat. Gas, com. . | 24.00 | 25.00 |
| Do., pfd. .............. | 84.00 | 86.00 |
| For. Power Sec's., pfd. ... | 5.00 | 7.00 |
| Great Lakes Power, pfd. ... | 97.50 | .... |
| Inter. Util., $1.75 pfd. ..... | 8.00 | 9.50 |
| Do., $7 pfd. ............ | 90.00 | 96.00 |
| Montreal Island Pwr., pfd.. | 18.00 | 21.00 |
| New Brunswick Tel., com.. | 13.50 | 15.00 |
| Wings Ltd. ..... 600 .70 | .70 | .70 |

## Public Utility Earnings

**Southern Canada Power**

| October: | 1937 $ | 1936 $ |
|---|---|---|
| Gross earnings ......... | 202,234 | 189,351 |
| Operating expenses .... | 86,836 | 79,695 |
| Net earnings ........... | 115,398 | 109,656 |
| Interest, deprec., amort. and divds. ........... | 109,624 | 108,721 |
| Surplus ................. | 5,774 | 935 |

**Brazilian Traction**

| October: | 1937 $ | 1936 $ | Increase $ |
|---|---|---|---|
| Gross earn. | 3,209,571 | 2,844,657 | 364,914 |
| Expenses .. | 1,462,461 | 1,291,719 | 170,742 |
| Net earn. .. | 1,747,110 | 1,522,938 | 194,172 |
| **Ten Months:** | | | |
| Gross earn. | 32,393,040 | 26,445,255 | 5,947,785 |
| Expenses .. | 14,484,523 | 11,951,059 | 2,533,464 |
| Net earn. .. | 17,908,517 | 14,494,196 | 3,414,321 |

## Unlisted Mines

Nov. 23, 1937

TORONTO

| | Bid | Ask. | | Bid | Ask. | | Bid | Ask. |
|---|---|---|---|---|---|---|---|---|
| Albany R. ...... | .46 | .47 | Gold Rge. ..... | .02 | .03 | Oklend ....... | .13 | .14 |
| Algold ........ | .36 | .38 | Goldside ...... | .02½ | .03 | Oliver S. ...... | .09 | .11 |
| Armistice ..... | .08 | .11 | Gold Gat. ..... | .45 | .46 | O'Leary ....... | .04½ | .05½ |
| Arno .......... | .02½ | .03½ | Gord. Leb. ... | .04 | .05 | Opem. Cp. .... | .05 | .07 |
| Athona ....... | .08 | .10 | Gull Kirk. .... | .01 | .02 | Oriole ........ | .08 | .08½ |
| Area .......... | .02½ | .03½ | Heva Cad. .... | .05 | .08 | Ossian ........ | .01½ | .01½ |
| Augite ........ | .19 | .20 | Hud. Pat. ..... | .03 | .04 | Pascalis ....... | .28 | .30 |
| Bailor ........ | .01 | .02 | Hislop ......... | .03 | .04 | Porc. Mc. ..... | .02½ | .03½ |
| Barb. Lar. .... | .45½ | .47 | Horseshoe .... | .01½ | .01½ | Plains P. ...... | 2.15 | 2.30 |
| Bear ......... | .18 | .20 | Hutch. L. ..... | .08 | .08½ | Porc. GR. .... | .01 | .01½ |
| Bilmac ........ | .10½ | .12 | Hugh Pa. ..... | .05 | .06 | Potterdoal .... | .01 | .02 |
| Baldwin ....... | .01 | .02 | Hud. Bay ..... | .. | .22 | Porc. Tri. ..... | .07 | .09 |
| Cuniptau ..... | .05 | .06 | John Nip. .... | .01 | .03 | Pontiac ....... | .10 | .11 |
| Calder B. ..... | .03 | .05 | Kaw Crow .... | .03 | .05 | Pelangio ...... | .05 | .06 |
| Callinan Flin Flon ... | .02 | .03 | Kenecho ...... | .04 | .05 | Propri'y ....... | 1.35 | 1.45 |
| | | | Kenland ...... | .03 | .03½ | Que. Man. .... | .42½ | .45 |
| Can. Pan. ..... | .09 | .10 | Kenricia ...... | .. | .22 | Rajah ......... | .03½ | .04 |
| Can. Kirk. .... | .01½ | .02½ | Kewag'a ...... | .12 | .14 | Ribago (new).. | .12 | .13 |
| Candal'a ...... | .. | .27 | King Kirk. .... | .01 | .02 | Ronda ........ | .18 | .20 |
| Capital R. .... | .06½ | .07 | Kir-Vit. ....... | .04½ | .05½ | Rouyn R. ..... | .02 | .03 |
| Chester ....... | .. | .85 | Kirk. Hunt. ... | .02½ | .03½ | Rubec ......... | .02 | .03 |
| Coin Lake ..... | .03 | .05 | Lacoma ....... | .08½ | .09 | Sand River ... | .25 | .28 |
| Condor (old) . | .04½ | .05½ | Lafayette ..... | .02 | .03 | Shenango ..... | .12 | .13 |
| Cont. Kir. .... | .24 | .26 | L. Geneva .... | .. | .25 | Siscoe Ex. .... | .20 | .23 |
| Cooke Lk. .... | .13 | .15 | Lake Rose .... | .09 | .11 | Smelter ....... | .02 | .02½ |
| Coulson ....... | .. | .04 | Lamaque ..... | 6.15 | 6.30 | Spooner ....... | .05 | .07 |
| Cres. Kir. ..... | .04½ | .05½ | Lardego ....... | .07½ | .08 | Sturgeon R. ... | .21 | .24 |
| Dawson ....... | .02 | .03 | Magnet L. .... | .05 | .06 | Springer ...... | .07 | .09 |
| Denison ....... | .21 | .23 | Magnet C. .... | .17 | .20 | Sun Bear ..... | .. | .10 |
| Desantis (new) | .20 | .23 | Malartic ....... | .23 | .24 | Tonawanda ... | .02 | .03 |
| Doreva ........ | .03½ | .07 | M'waki ....... | 1.25 | 1.35 | Upper Can. ... | .28 | .30 |
| Delosha ....... | .15 | .16 | Mart. Mc. ..... | .06 | .08 | Wascana ...... | .05 | .06 |
| Dunlop (new). | .04 | .05 | Mart. Bird .... | .31 | .33 | Williamson ... | .07 | .07½ |
| El Bona. ...... | .07 | .09 | Mata. Cn. ..... | .08 | .10 | Wesley ........ | .10 | .12 |
| Elec. Por. .... | .06 | .08 | Moffatt (new). | .05 | .06 | Westside ...... | .06 | .06½ |
| Eva Lake ..... | .04½ | .04½ | MacFarland ... | .07½ | .08 | West R.L. .... | .01½ | .02½ |
| Elmos ......... | .08 | .10 | McCarthy ..... | .12 | .13 | White H. ..... | .07 | .09 |
| Fernland ...... | .17 | .19 | McV. Kir. ..... | .03 | .03½ | Wendigo ...... | .17 | .18 |
| Frontier ...... | .06 | .07 | Monarch ...... | .03 | .04 | Winoga ....... | .07 | .09 |
| Galatea ....... | .01 | .02 | Mooshla ...... | .09 | .10 | Woco ......... | .14 | .16 |
| Garnet ........ | .02 | .03 | Mosher ....... | .09 | .10 | Young D. ..... | .23½ | .25 |
| Cate. Pat. ..... | .02 | .04 | Norlake ....... | .04½ | .05½ | Ypres C. ...... | .08½ | .10 |
| Gilbec ........ | .01½ | .02 | North Shore .. | .01½ | .02 | | | |

Nov. 23, 1937

MONTREAL

| | Bid | Ask. | | Bid | Ask. | | Bid | Ask. |
|---|---|---|---|---|---|---|---|---|
| Abbeyville .... | .12 | .14 | Franklin ...... | .01 | .01½ | Porc. Lake .... | .14 | .16 |
| Amity ........ | .01 | .02½ | Golden Gate .. | .45 | .47 | Red Gold ..... | .05 | .10 |
| Bousquet ..... | .. | .02 | Grace Larder . | .09 | .11 | Richmac ...... | .. | .20 |
| Brown Cadillac | .07 | .08 | Halliwell New. | .50 | .52 | Routhier ...... | .11 | .13 |
| Brooke Cad. .. | .. | .21 | Heva Cadillac.. | .08 | .10 | Schreiber ..... | .. | .05 |
| Cap. Rouyn .. | .06½ | .07½ | Lacoma ....... | .08½ | .09 | Scott Chib. ... | .. | .10 |
| Central Dev. .. | .. | .11 | Lakehill ...... | .02 | .04 | Seguin ........ | .02½ | .03 |
| Chibmac ...... | .05 | .06 | Lake Rowan . | .26 | .29 | Shawmaque .. | .. | .15 |
| Clerno ........ | .. | .16 | L. L. Lagoon . | .. | .07 | Skookum ..... | .02 | .04 |
| Dempsey Cad.. | .02 | .04 | Leroy ......... | .04½ | .05½ | Stadore ....... | .. | .25 |
| Descar ........ | .. | .20 | Margaret ..... | .. | .20 | Wawbano ..... | .02 | .02½ |
| Dorval Units . | 12.00 | 15.00 | Obalski ....... | .08½ | .09½ | West Duv. .... | .. | .10 |
| Fontana ....... | .14 | .16 | Pan. Cdn. ..... | .14 | .16 | Westwood Cad. | .11 | .13 |

## Government Bonds

**Dominion of Canada Bonds**

| Nov. 24, 1937 | Bid | Asked | Approx. Yld. |
|---|---|---|---|
| 15 Oct. '38 | 100.35 | 100.85 | 1.06 |
| 1 Jan. '39 | 100.65 | 101.15 | 1.00 |
| 1 June '39 | 99.00 | 99.50 | 1.35 |
| 15 Nov. '39 | 100.40 | 100.90 | 2.00 |
| 15 Oct. '39 | 101.15 | 101.65 | 1.62 |
| 15 Oct. '39 | 104.00 | 104.50 | 1.60 |
| 1 June '40 | 99.00 | 99.50 | 1.70 |
| 1 Sept. '40 | 106.15 | 106.65 | 2.04 |
| 15 Mar. '41 | 96.75 | 97.25 | 1.85 |
| 15 Nov. '41 | 109.15 | 109.65 | 2.45 |
| 1 June '42 | 98.75 | 99.25 | 2.17 |
| 15 Oct. '42 | 102.75 | 103.25 | 2.29 |
| 1 June '43 | 100.00 | 100.50 | 2.40 |
| 15 Oct. '43 | 111.15 | 111.65 | 2.90 |
| 15 Jan. '44 | 98.50 | 99.00 | 2.42 |
| 15 Oct. '44 | 109.60 | 110.10 | 2.88 |
| 15 Nov. '44 | 98.10 | 98.60 | 2.72 |
| 15 Aug. '45 | 98.75 | 99.25 | 2.61 |
| 15 Oct. '45 | 105.75 | 106.25 | ▲2.84 |
| 1 Feb. '46 | 109.75 | 110.25 | 3.08 |
| 1 June '49 | 99.65 | 100.15 | ▲3.23 |
| 15 Oct. '49 | 101.15 | 101.65 | ▲3.23 |
| 15 Nov. '51 | 99.00 | 99.50 | 3.29 |
| 1 May '52 | 111.85 | 112.50 | ▲2.07 |
| 15 Oct. '52 | 105.35 | 105.85 | ▲3.31 |
| 1 June '55 | 95.85 | 96.35 | 3.28 |
| 1 Nov. '56 | 109.00 | 109.75 | ▲3.24 |
| 1 Nov. '57 | 109.00 | 109.75 | ▲3.34 |
| 1 Nov. '58 | 109.75 | 110.25 | ▲3.38 |
| 1 Nov. '59 | 110.00 | 110.50 | ▲3.43 |
| 1 Oct. '60 | 107.35 | 107.85 | ▲3.25 |
| 15 Jan. '61 | 99.00 | 99.65 | 3.27 |
| 1 June '66 | 98.25 | 98.75 | 3.32 |
| 15 Jan. '67 | 93.35 | 93.85 | 3.33 |
| Perp. bonds | 86.00 | 86.50 | 3.47 |

**Dominion Guaranteed Bonds**

| Canadian National Railway: | Bid | Asked | Yld. |
|---|---|---|---|
| 1 May '38 | 100.00 | 100.50 | 1.00 |
| 15 Feb. '43 | 97.60 | 98.10 | 2.38 |
| 1 May '44 | 100.75 | 101.75 | 2.70 |
| 15 Dec. '50 | 95.50 | 96.50 | 3.33 |
| 15 Feb. '53 | 94.75 | 95.75 | 3.35 |
| 1 Sept. '51 | 113.00 | 114.00 | 3.25 |
| 1 Feb. '56 | 113.75 | 114.75 | 3.42 |
| 1 July '57 | 113.00 | 114.00 | 3.52 |
| 15 June '55 | 115.50 | 116.50 | 3.51 |
| 1 Feb. '54 | 116.00 | 117.00 | 3.62 |
| 1 July '69 | 115.50 | 116.50 | ▲2.94 |
| 1 Oct. '69 | 117.75 | 118.75 | ▲3.42 |
| 1 Feb. '70 | 117.75 | 118.75 | ▲3.46 |

**Provincial Government Bonds**

| | Bid | Asked | Yld. |
|---|---|---|---|
| **New Brunswick:** | | | |
| 15 June '56 | 93.00 | 95.00 | 3.87 |
| 15 Apr. '61 | 102.50 | 104.00 | 4.23 |
| 15 Jan. '60 | 107.50 | 109.50 | 4.33 |
| **Nova Scotia:** | | | |
| 2 Jan. '52 | 93.25 | 94.50 | 3.49 |
| 1 May '46 | 99.50 | 100.75 | 3.40 |
| 15 Sept. '52 | 107.50 | 108.75 | ▲3.44 |
| 1 Mar. '60 | 114.50 | 116.50 | 3.88 |
| **Ontario:** | | | |
| 1 Dec. '51 | 95.25 | 96.25 | 3.33 |
| 1 June '62 | 105.50 | 106.50 | 3.60 |
| 1 June '50 | 109.50 | 110.50 | 3.46 |
| 15 Jan. '62 | 112.00 | 114.00 | 3.63 |
| 15 Oct. '48 | 113.75 | 114.75 | 3.37 |
| 2 Dec. '60 | 117.50 | 119.00 | 3.76 |
| 1 July '46 | 115.50 | 116.50 | 3.28 |
| **Ont. Hydro. Comm.:** | | | |
| 1 Apr. '47 | 101.00 | 102.00 | 3.25 |
| 1 Jan. '70 | 115.75 | 117.50 | 3.81 |
| **Prince Edward Island:** | | | |
| 1 Oct. '45 | 97.00 | 98.50 | 3.21 |
| **Quebec:** | | | |
| 1 Nov. '51 | 95.25 | 96.25 | 3.34 |
| 1 July '49 | 98.50 | 99.50 | 3.30 |
| 15 Mar. '52 | 104.50 | 106.00 | 3.47 |
| 1 Aug. '58 | 107.50 | 109.00 | 3.63 |
| 2 Jan. '63 | 109.00 | 111.00 | 3.82 |
| **Alberta:** | | | |
| 15 Dec. '54 | 52.00 | 54.00 | § |
| 1 Oct. '51 | 60.50 | 63.50 | § |
| 1 Oct. '56 | 53.00 | 55.00 | § |
| 1 Oct. '59 | 56.50 | 58.50 | § |
| 1 Apr. '52 | 58.00 | 60.00 | § |
| 1 Mar. '47 | 62.25 | 64.25 | § |
| **British Columbia:** | | | |
| 1 Dec. '57 | 89.00 | 91.00 | 4.70 |
| 15 Jan. '51 | 95.50 | 97.00 | 4.80 |
| 1 Oct. '53 | 94.00 | 96.00 | 4.86 |
| 25 Apr. '54 | 99.00 | 100.00 | 5.00 |
| 1 Feb. '45 | 101.50 | 102.50 | 5.07 |
| 15 Feb. '47 | 102.00 | 103.50 | 5.51 |
| **Manitoba:** | | | |
| 1 Dec. '57 | 84.00 | 86.00 | 5.13 |
| 15 Dec. '56 | 86.00 | 88.00 | 5.53 |
| 2 Dec. '59 | 91.50 | 93.00 | 5.55 |
| 1 Oct. '55 | 95.00 | 96.50 | 5.82 |
| 1 Apr. '47 | 98.50 | 100.00 | 6.00 |
| **Saskatchewan:** | | | |
| 15 Aug. '53 | 63.00 | 65.00 | 7.39 |
| 1 Nov. '60 | 61.50 | 63.50 | 7.30 |
| 1 Oct. '51 | 74.00 | 75.50 | 7.33 |
| 15 Mar. '60 | 65.50 | 67.50 | 7.52 |
| 1 Aug. '58 | 69.50 | 72.00 | 7.72 |
| 1 Oct. '52 | 74.00 | 77.00 | 8.19 |
| 15 Mar. '52 | 78.00 | 80.00 | 8.41 |

*Payable Can., N.Y. & £. ▲Calculated to call date giving lowest possible yield. †Payable Can. & N.Y. ▪Payable N.Y. Callable on or after Sept. 15, 1966. §Traded flat. Interest being paid at 50% of coupon rate; minimum rate 2%. ‡Payable £.

## Dividends Declared

| | This payment | Date payable | Date of record |
|---|---|---|---|
| Anglo-Huronian | 10c | Jan. 3 | Dec. 15 |
| Aluminium pfd. | $1.50 | Dec. 1 | Nov. 15 |
| Do., arrears | $20 | Dec. 1 | Nov. 15 |
| Ang. Can. Tel., A | 17½c | Dec. 1 | Nov. 15 |
| Andian Nat. | $1 | Dec. 1 | Nov. 20 |
| Do., extra | $1 | Dec. 1 | Nov. 20 |
| Agnew-Surpass, pf. | $1.75 | Jan. 3 | Dec. 15 |
| Bk. of Canada | $1.13 | Jan. 3 | Nov. 30 |
| Bk. of N. Scotia | $3 | Jan. 3 | Dec. 16 |
| Biltmore Hats, pf. | $1.75 | Dec. 15 | Nov. 15 |
| Bulolo Gold | $1.50 | Dec. 10 | Nov. 19 |
| Bk. Can Nat'le. | $2 | Dec. 1 | Nov. 15 |
| Belding Cort. | $1 | Jan. 3 | Dec. 15 |
| Do., pref. | $1.75 | Jan. 3 | Dec. 15 |
| Borden Co., c. | 40c | Dec. 1 | Nov. 15 |
| Bk. of Montreal | $2 | Dec. 1 | Oct. 30 |
| Bk. of Toronto | $2.50 | Dec. 1 | Nov. 15 |
| Bright, T. G. | 7½c | Dec. 15 | Nov. 30 |
| Do., pref. | $1.50 | Dec. 15 | Nov. 30 |
| Calgary & Ed. | 5c | Dec. 15 | Dec. 1 |
| Can. Bk. of Comm. | $2 | Dec. 1 | Oct. 30 |
| Cosmos Imp., pref. | $1.25 | Jan. 15 | Dec. 31 |
| Candn. Car. pfd. | 44c | Jan. 10 | Dec. 27 |
| Can. Cottons | $1 | Jan. 3 | Dec. 17 |
| Do., pref. | $2 | Jan. 3 | Dec. 17 |
| Candn. Oil, pref. | $2 | Jan. 1 | Dec. 20 |
| Corr. Pap Box, pf. | $1.75 | Dec. 1 | Nov. 15 |
| Can.-W. & Cab. pf. | ‡$6.75 | Dec. 1 | Nov. 18 |
| Can. Int. Inv. Tr. pref. | $1.25 | Dec. 1 | Nov. 15 |
| Can. Vinegars | 30c | Dec. 1 | Nov. 20 |
| Can. Gen. Elec. | $1.50 | Jan. 1 | Dec. 15 |
| Can. W. N. Gas, c. | $1 | Dec. 15 | Dec. 14 |
| Catelli Food, pf. | 37c | Nov. 30 | Nov. 22 |
| Do., com. | 25c | Nov. 30 | Nov. 22 |
| Cons. Div. Std. Secs., pf | 37½c | Dec. 15 | Dec. 1 |
| Coniaurum Mines | 5c | Dec. 30 | Dec. 10 |
| Canada Cement, pf. | $1.25 | Dec. 20 | Nov. 30 |
| Can. Perm. Mtge. | $2 | Jan. 3 | Dec. 15 |
| David & Frere, A | 25c | Dec. 15 | Nov. 30 |
| Dominion Bank | $2.50 | Jan. 3 | Dec. 20 |
| Dom. Textile | $1.25 | Jan. 3 | Dec. 15 |
| Do., pref. | $1.75 | Jan. 15 | Dec. 31 |
| Dom. Scot. Inv., pf. | 50c | Dec. 1 | Nov. 23 |
| Distillers Seag., c. | 50c | Dec. 21 | Dec. 6 |
| Dom. Ang. Inv, pf. | $1.25 | Dec. 1 | Nov. 15 |
| Do., arrears | $1.25 | Dec. 1 | Nov. 15 |
| Dominion Coal, pf. | 38c | Jan. 3 | Dec. 15 |
| Electrolux | 40c | Dec. 15 | Nov 15 |
| Do., extra | 30c | Dec. 15 | Nov. 15 |
| East. Twp. Tel. | ▲ | Apr. 15'38 | Dec. 31 |
| Eng. Electric, A | 62½c | Dec. 15 | Nov. 30 |
| Falconbridge N. | 7½c | Dec. 30 | Dec. 8 |
| Ford Motor, A, B | 25c | Dec. 18 | Nov. 27 |
| Gurd, C., com. | †30c | Dec. 15 | Dec. 1 |
| Gunnar Gold | 3c | Dec. 15 | Dec. 1 |
| Ham. Un. Theat., pf. | $1.50 | Dec. 31 | Nov. 30 |
| Hollinger Cons. | 5c | Dec. 2 | Nov. 18 |
| Do., extra | 5c | Dec. 2 | Nov. 18 |
| Hudson Bay M. | $1 | Dec. 10 | Nov. 20 |
| Int. Pap. & Pr., pf. | *$1.25 | Dec. 10 | Nov. 26 |
| Do., arrears | $1.25 | Dec. 10 | Nov. 26 |
| Int. Paper, pf. | $2.50 | Dec. 10 | Nov. 26 |
| Int. Petroleum | 75c | Dec. 1 | Nov. 19 |
| Do., extra | 50c | Dec. 1 | Nov. 19 |
| Do., pref. | 75c | Dec. 1 | Nov. 19 |
| Do., extra | 50c | Dec. 1 | Nov. 19 |
| Imperial Oil | 25c | Dec. 1 | Nov. 17 |
| Do., extra | 37½c | Dec. 1 | Nov. 17 |
| Inter. Nickel, c. | 50c | Dec. 31 | Dec. 1 |
| Do., extra | 25c | Dec. 31 | Dec. 1 |
| Laura Secord | 75c | Dec. 1 | Nov. 15 |
| Loblaw Groc., A, B | 25c | Dec. 1 | Nov. 10 |
| Do., extra | 12½c | Dec. 1 | Nov. 10 |
| Lake of W. M., pf. | $1.75 | Dec. 1 | Nov. 15 |
| Do., arrears | $7 | Dec. 1 | Nov. 15 |
| Lake Shore Mines | $1 | Dec. 15 | Dec. 1 |
| Do., extra | $1 | Dec. 15 | Dec. 1 |
| Lava Cap M. | 5c | Dec. 23 | Dec. 6 |
| Little Long Lac | 10c | Dec. 20 | Dec. 6 |
| Louisiana Land | 10c | Dec. 15 | Dec. 1 |
| Do., extra | 10c | Dec. 15 | Dec. 1 |
| MacKin'n Steel, pf. | $1.75 | Dec. 15 | Nov. 30 |
| Marcus Loew's, pf. | ‡$1.75 | Dec. 15 | Dec. 4 |
| Melchers Dist., pf. | 30c | Dec. 31 | Dec. 15 |
| Monarch Knit., pf. | $1.75 | Jan. 3 | Dec. 10 |
| Montreal Cottons | 50c | Dec. 15 | Nov. 30 |
| Do., pref. | $1.75 | Dec. 15 | Nov. 30 |
| McColl-Front., c. | 10c | Dec. 15 | Nov. 15 |
| McIntyre Porc. | 50c | Dec. 1 | Nov 1 |
| Monarch Rylties | 3c | Nov. 27 | Nov. 20 |
| Montreal Loan | 50c | Dec. 15 | Nov. 30 |
| McK. Red Lake | 5c | Dec. 15 | Nov. 30 |
| McKinley Mines | 2½c | Dec. 1 | Nov. 19 |
| Do., extra | 2½c | Dec. 1 | Nov. 19 |
| Nat. Biscuit | 40c | Dec. 15 | Nov. 12 |
| Do., pref. | $1.75 | Nov. 30 | Nov. 12 |
| N.S. Light & Pr., p. | $1.50 | Dec. 1 | Nov. 15 |
| N. Meth. Ldry., p. | $1.62½ | Dec. 1 | Nov. 23 |
| Ogilvie Flour, c. | $2 | Jan. 3 | Dec. 15 |
| Do., extra | $2 | Jan. 3 | Dec. 15 |
| Ogilvie Flour, pf. | $1.75 | Dec. 1 | Nov. 19 |
| Provincial Bank | $1.50 | Dec. 1 | Nov. 15 |
| Placer Dev. | †60c | Dec. 10 | Nov. 19 |
| Pioneer Gold | 10c | Jan. 3 | Dec. 1 |
| Pressed Metals | 50c | Dec. 30 | Dec. 22 |
| Regent Knit., pf. | 40c | Dec. 1 | Nov. 15 |
| Reno Gold | 3c | Jan. 3 | Dec 10 |
| Riverside Silk, A | 50c | Jan. 3 | Dec. 15 |
| Reinhardt Brew. | 15c | Dec. 1 | Nov. 15 |
| Royal Bank | $2 | Dec. 1 | Oct. 30 |
| Rolland Paper, pf. | $1.50 | Dec. 1 | Nov. 15 |
| Royalite Oil | 50c | Dec. 1 | Nov. 19 |
| Do., extra | 25c | Dec. 1 | Nov. 19 |
| Simcoe Gold | 5c | Dec. 15 | Nov. 30 |
| Do., extra | 1c | Dec. 15 | Nov. 30 |
| Stand. Steel, A, pf. | 75c | Jan. 1 | Dec. 15 |
| Do., arrears | 75c | Jan. 1 | Dec. 15 |
| Sec. Can. Int. Inv., pf. | 10c | Dec. 1 | Nov. 15 |
| Stuart, D. A., pf. | 20c | Dec. 1 | Nov. 16 |
| Sudbury Basin | 10c | Jan. 3 | Dec. 14 |
| Sylvanite Gold | 5c | Dec. 31 | Nov. 25 |
| Teck-Hughes | 10c | Jan. 3 | Dec. 10 |
| Tor. Elevators pf. | 65c | Dec. 7 | Nov. 23 |
| Union Gas | 20c | Dec. 15 | Nov. 20 |
| United Fuel, pf. | $1 | Dec. 15 | Nov. 30 |
| Un. Amuse., A, B | 45c | Nov. 30 | Nov. 15 |
| Ventures | 25c | Jan. 4 | Dec. 17 |
| Vulcan Oils | 5c | Dec. 20 | Nov 30 |
| Walker-G. & W. | $1 | Dec. 15 | Nov. 26 |
| Do., pref. | 25c | Dec. 15 | Nov. 26 |
| Westminster Pap. | 25c | May 1/38 | May 1 Apr. 15 |
| Wr Hargreaves | 10c | Jan. 3 | Nov. 24 |
| Do., extra | 5c | Jan. 3 | Nov. 24 |
| Do., interim | 10c | Jan. 15 | Dec. 1 |
| Ymir Yankee Girl | 1c | Dec. 1 | Nov. 10 |

*Initial.
‡On arrears.
†Interim.
▲18 cents declared quarterly; 36 cents payable Apr. and Oct. 15.

**A. J. PATTISON Jr. & CO. Ltd.**
Established 1907
CORPORATION SECURITIES
Royal Bank — EL. 5101
TORONTO

### Week in Wheat

# Stock Market Weakness Transferred to Wheat

## Securities Slump Blamed for Losses at Winnipeg and Chicago — Thin Market Uninfluenced by Reports of Damage from Argentina

From Our Own Correspondent

WINNIPEG.—Reports from the stock markets, not the grain fields or grain trade, were largely blamed for the weakness of wheat markets early this week. Unable to finance losses any further many holders let go and in the absence of ready buyers prices fell sharply here and at Chicago.

Grain markets generally appear very thin with little or no speculative interest. Wheat like other commodities is being purchased by big users on a hand-to-mouth basis only.

Smallness of United States exports was considered a rather minor factor in the recent decline and should have been completely balanced by the generally unfavorable reports from the Argentine harvest. The crop there does not appear to be turning out as well as recently expected, with considerable injury reported. News from that quarter, however, is still rather conflicting.

### More Fall Moisture

Moisture reserves continue to accumulate in the three Prairie Provinces and while this is still no guarantee of a crop next year at least it is one favorable factor in the situation. Sanford Evans reports that September and October precipitation in all provinces is well in excess of normal. Unfortunately the rains have not completely blanketed the West and some of the former dry areas are still receiving less than the usual share, though more than a year ago. In Alberta and Manitoba fall moisture is 15% above normal and almost 25% heavier than a year ago. Saskatchewan, while getting almost twice as much rain as last fall, is about 10% wetter than normal.

### Bring in U. S. Wheat

Fairly large quantities of United States wheat have been imported into Canada recently for mixing purposes. The practice started in British Columbia where in the last few years a considerable portion of soft Australian wheat has usually been imported. Now American 13% protein wheat is being used up to 40% in a blend with Canadian hard wheat. Extreme premiums on the latter, due to its scarcity this year, of course, is the reason for this rather unusual development. There is only a relatively small duty on American wheat, which is plentiful and cheap in comparison to the Canadian Northern grades. By incorporating 25 to 40% of this imported grain with top quality Canadian a substantial saving can be effected in flour manufacture.

### World Shipments

From early October to the present time world shipments of wheat have shown the usual autumn seasonal increase, and the weekly amounts shipped have been holding at slightly under 12 million bushels. Even at this level, weekly shipments are running somewhat below those of a year ago. The deficiency in North American shipments this year has been made up mainly by Russian shipments, which to date have totalled 22.9 million bushels. Russia shipped only one small cargo a year ago. Australia continues to export between one and two million bushels weekly, while Argentine shipments under the recent governmental ban on exports have been practically nil.

### European Needs

Last winter Germany and Italy startled the wheat world by coming into the market with huge buying orders. Apparently their own crops had been grossly over-estimated and also their inability to finance large purchases. If there is any similar unexpected buying this year it will probably come from Germany and France. Crops in both countries are known to have fallen below expectations.

Following the usual European practice both of these intermittent importers will probably use up domestic supplies before entering the market. In any case, however, buying orders are not expected to be as large as a year ago and will likely come with more warning.

### World Wheat Production

World wheat production in 1937 is now placed at 3,817 million bushels, which is an increase of 281 million over the production in 1936. European wheat production, excluding the four Danubian exporting countries, amounts to 1,181 million bushels, showing an increase of 83 millions over the 1936 harvest. The crop in the Danube in 1937 at 349 million bushels shows a decrease, however, of 34 million bushels from the 1936 level of 383 millions.

# May Ration Hard Wheat For Export

## Present Export Rate Will Empty Bins by Early Spring

A shortage of Canadian hard wheat, predicted as soon as crop prospects began to dwindle last July, is now rapidly developing. Already millers have been forced to bring in supplies from the United States to be blended with Canadian hard.

At the present rate of export an actual shortage of the high grades may occur by spring and some form of rationing to assure domestic supplies for the balance of the season may be necessary. Two years ago Canadian visible supply stood at 265 million bushels. This week it is down to less than 70 millions.

Current position of Canadian supply is estimated by Sanford Evans as follows:

**Canadian Wheat Position**
(000's omitted)

| | Bushels |
|---|---|
| Carryover Aug. 1, 1937 | 36,851 |
| 1937 crop‡ | 182,505 |
| Total supply | 219,356 |
| Domestic requirements, seed, etc. | 100,000 |
| | 119,356 |
| Deduct: | |
| Exports, Aug. 1-Nov. 13 | 35,156 |
| Minimum carryover | 35,000 |
| Balance avail. for export Nov. 13-Aug. 31, 1938 | 49,200 |

‡Includes 30,731,000 bus. of durum.

### 50 Million Left

Less than 50 million bushels of wheat for export during the 37 weeks of the crop year remaining to Aug. 1 next will not be nearly sufficient to maintain even the present moderate rate of shipment. Last week export clearance amounted to nearly 2.5 million bushels. Moreover the figures do not reflect the full seriousness of the situation as much of the wheat in store or in farmers' hands is of lower grade than No. 3 Northern. A big portion is durum macaroni wheat or soft wheat produced in Ontario. Again some of the western hard wheat is not in a quickly marketable position. A problem is developing at eastern ports which the current weekly letter of James Richardson & Sons describes as follows:

"There are limited quantities of common wheats remaining in Canada, and of these quantities a high proportion is Three Northern or lower in grade. As navigation on the Great Lakes nears a close, the small supplies in eastern positions present a problem. Will these be sufficient to meet export and domestic demands until navigation reopens again toward the end of April, without having to draw grain by rail from Fort William-Port Arthur? Taking export movement to date as a forerunner of future movement, the answer is, no. It has been suggested, however, that overseas millers have been very considerably buying in anticipation and that their takings will dwindle very considerably during the winter. Certainly their takings will dwindle, simply because the present rate cannot be maintained throughout the year, but that they will dwindle to a rate which will clear out before next April only the 20 million bushels which will be in eastern positions does not seem likely."

### Sell Out by Spring

Present indications point to practically a complete sell out of top grade Canadian hard wheat early next spring and a continuation of the present high premiums on the upper grades right through the season.

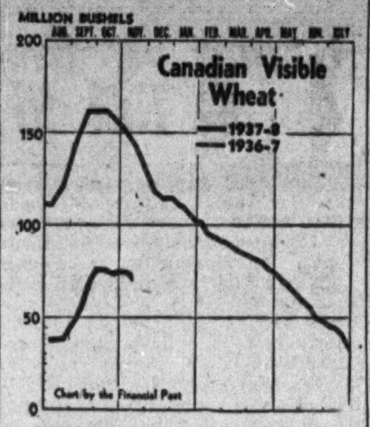
In the Argentine this year a similar situation developed following the small crop of a year ago and the keen demand. In order to guarantee an adequate domestic supply as well as sufficient for neighboring Brazil during the balance of the season the Government placed an embargo on ocean exports some months ago. This was recently withdrawn as harvesting of the new crop approached but in the meantime practically every available bushel of old wheat had been utilized.

## Dividend Announced On Trans-Canada Shares

Declaration of a dividend on Trans-Canada Shares, a fixed investment trust, has been announced, payable Dec. 1, 1937, to holders of record Nov. 15. The payment, amounting to 24.55 cents per share, is for the six months ended Nov. 15, 1937, and compares with 31.41 cents per share paid for the first half of the current fiscal year, and 19.55 cents per share paid for the six months ended Nov. 15, 1936. The present dividend is payable on presentation of coupon No. 9 and brings total payments for the year to 55.95 cents a share.

## W. E. Dunton, Montreal, Joins Stop & Shop Board

W. E. Dunton, of Montreal, was elected to the board of directors of Stop & Shop Ltd. at the annual meeting held in Toronto Nov. 19. Mr. Dunton replaces T. A. McAuley.




### BELOW 70 MILLIONS

Canadian supplies of visible wheat in marketable positions amounted to slightly under 70 million bushels last week as compared with almost 73 millions the week previous and 135 millions a year ago.

Export shipments during the week were 2.5 millions as against well over 6 millions a year ago.

## Pegging Asked On Durum Wheat

### Acceptance by Board at Minimum for Hard Suggested

G. W. McDonald, M.P. for Souris, Manitoba, has asked the Federal Government to peg the price of durum wheat in the same way that hard wheat is pegged at present. Of course, even with recent declines, prices of hard wheat have not got even close to the 87½-cent minimum. In fact, Canadian No. 1 Northern has been selling at a very substantial premium above Chicago owing to the very light crop and its value for mixing purposes will probably continue to do so right through the remainder of the crop year.

Durum wheat, on the other hand, which is used almost exclusively in macaroni manufacture, has been selling at a substantial discount sometimes almost 50 cents per bushel under hard wheat. There has been a suggestion that it should be accepted by the Government Wheat Board at the same minimum as was announced for the hard wheat, although this minimum, it is generally understood, was to apply to hard wheat only.

Durum wheat, owing to its resistance to rust, is extensively grown in Manitoba. Two years ago, due to the extreme shortage of macaroni wheat, it commanded a premium over hard wheat, but this year the reverse is the case and Manitoba farmers are particularly concerned. The problem is expected to disappear in the course of a year or two as rust resistant Thatcher and other hard wheats are expected to be grown in the place of durum.

# Current Prairie Wheat Crop Lowest in Grain History

North-West Grain Dealers' Association now estimates the wheat crop harvested in the three Prairie Provinces this year at 156 million bushels. This is the smallest harvest in the history of western grain growing. It compares with an average yield of over 350 million, a top of 544 million in 1928 and a previous low of 165 million in 1919. It is even considerably under last year's exceptionally small total of 212 million.

Almost half of the wheat produced in the West this season comes from Alberta with close to 75 million bushels. This total, however, is far below the 130 million, 10-year average for that province. Manitoba which has just harvested over 45 million bushels has had the best crop since 1928 and is well above the 37 million average.

Full effect of last summer drought, of course, fell on Saskatchewan and here a total yield of some 36 million bushels is reported. This works out at an average of only 3.2 bushels per acre or a little better than a bushel per acre above the seed sown. Total is just about one-sixth of the average yield for that province.

The estimate of the North-West Grain Dealers Association for all grains with the latest Dominion Bureau of Statistics summary and last years total are as follows:

| | Acreage (000 acres) | Yield per Acre (bus.) | Bushels (000's) | | Government Estimate (000 bus.) | Crop in 1936 (000 bus.) |
|---|---|---|---|---|---|---|
| **MANITOBA** | | | | | | |
| Wheat | 1,221 | 19.5 | 23,809 | 45,375 | 52,000 | 28,000 |
| Durum Wheat | 1,052 | 20.5 | 21,566 | | | |
| Oats | 1,245 | 34.3 | 42,703 | | 45,000 | 20,400 |
| Barley | 1,031 | 26.9 | 27,733 | | 36,500 | 18,900 |
| Rye | 99 | 17.6 | 1,742 | | 2,400 | 950 |
| Flax | 81 | 5.5 | 445 | | 375 | 415 |
| **SASKATCHEWAN** | | | | | | |
| Wheat | 10,962 | 3.2 | 35,142 | 36,135 | 32,000 | 117,000 |
| Durum Wheat | 382 | 2.6 | 993 | | | |
| Oats | 3,459 | 6.5 | 22,483 | | 24,100 | 65,462 |
| Barley | 1,333 | 5.3 | 7,064 | | 5,870 | 16,627 |
| Rye | 304 | 2.8 | 851 | | 680 | 1,489 |
| Flax | 224 | .6 | 134 | | 125 | 1,240 |
| **ALBERTA** | | | | | | |
| Wheat | 7,294 | 10.2 | 74,398 | 74,686 | 75,000 | 67,000 |
| Durum Wheat | 21 | 13.7 | 287 | | | |
| Oats | 2,269 | 30.8 | 69,885 | | 77,100 | 50,000 |
| Barley | 1,002 | 22.9 | 22,945 | | 22,900 | 17,000 |
| Rye | 103 | 6.9 | 710 | | 1,170 | 762 |
| Flax | 15 | 7.2 | 108 | | 106 | 75 |
| **AGGREGATE** | | | | | | |
| Wheat | 19,497 | 6.8 | 133,350 | 156,197 | 159,000 | 212,000 |
| Durum Wheat | 1,455 | 15.7 | 22,846 | | | |
| Oats | 6,973 | 19.4 | 135,072 | | 146,200 | 135,862 |
| Barley | 3,366 | 17.2 | 57,744 | | 65,270 | 52,617 |
| Rye | 506 | 6.5 | 3,304 | | 4,250 | 3,201 |
| Flax | 320 | 2.1 | 687 | | 606 | 1,730 |

## Australian Wheat Crop Is Reported as Normal

This year's (1937-38) wheat crop in Australia is expected to amount to approximately 163 million bushels compared with 150 million bushels harvested last season, according to a cable received by the United States Bureau of Agricultural Economics, from the International Institute of Agriculture at Rome. The average crop for the five years ending with 1935-36 was 171.9 million bushels annually. In September the crop in Australia was estimated at about 155 millions.

The area sown to wheat this year is estimated at 13 million acres compared with 12 millions last year. The average for the five seasons ending with 1935-36 was almost 14 million acres.

Improvement in wheat prices during the past year and the prospect of continued good prices is tending to encourage increased plantings in Australia. During the last years of low wheat prices some wheat land was devoted to cotton production. Recent reports, however, indicate that some of the land in cotton is being transferred back to wheat.

## Commodities

Although the decline has not been fully halted by any means there appear increasing indications that bottom in commodity prices is being reached. Most indices continue to show weakness, but recession in recent weeks has not been nearly as rapid as was the case earlier.

In livestock and grain prices which materially affect farm income in Canada, strength is beginning to be apparent. Cotton, rubber, sugar and silk are only a little lower.

The general level in United States, however, as reported by Dun and Bradstreet, is more than 10% below this time a year ago and of course much farther below the extremely high peak of last March.

**Price Range**

| | Latest week | Previous week | Same week last yr. |
|---|---|---|---|
| Cattle | $8.00 | $8.75 | $6.00 |
| Hogs | 9.00 | 9.00 | 8.50 |
| Copper, lb. | .12 | .12 | .10⅛ |
| Cotton, lb. | .0791 | .08 | .1222 |
| Rubber, lb. | .1415 | .1475 | .1818 |
| Sugar, raw, lb. | .0345 | .0335 | .0365 |
| Silk, lb. | 1.66 | 1.69 | 2.07½ |
| Wheat, Man. (bus.) | 1.33⅞ | 1.35⅛ | 1.07¾ |
| Coffee, lb. | .06½ | .06½ | .08⅝ |
| Hides | .10½ | .12 | .13¼ |

**Weekly Indices**

| | Latest week | Previous week | Same week last yr. |
|---|---|---|---|
| Canada (D.B.S.) | 83.5 | 83.6 | 76.8 |
| U. S. Labor | 83.8 | 84.0 | 81.3 |
| N. Y. Annalist | 87.8 | 88.9 | 88.2 |
| Fishers' | 86.1 | 87.1 | 86.1 |
| N. Y Journal of Comm. | 81.0 | 82.1 | 83.2 |
| Crumps (Brit.) | 78.2 | 79.0 | 74.0 |

**Monthly Indices**

| | Latest month | Prev. month | Same last year |
|---|---|---|---|
| Canada (D.B.S.) | | | |
| Retail (Oct.) | 84.2 | 83.7 | 81.3 |
| W'sale (Oct.) | 85.7 | 85.0 | 77.1 |
| U. S. (Sept.) | 87.4 | 87.5 | 81.6 |
| Gt. Brit. (Aug.) | 111.4 | 111.5 | 95.2 |

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle—Steers, good, over 1,050 lb., top price, Toronto: Copper-electrolytic, New York; Silk—Japanese, 13-15 New York; Sugar — 96 degrees centrifugal c/f New York; Wheat—No. 1 Man. North, Ft. W.-Pt. A. Basis: Hides—No. 1 packer light.

## Saskatchewan Considers Uniform Mortgage Forms

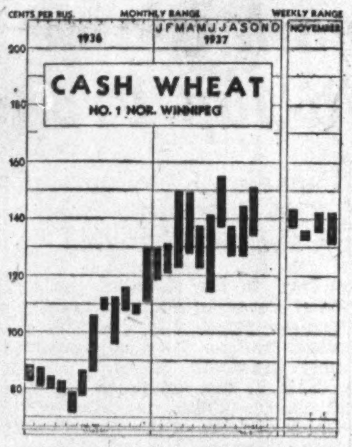
The Saskatchewan Government has appointed Hon. Mr. Justice Martin to investigate the advisability of providing standard forms of mortgage, crop payment leases, agreements for sale and chattel mortgages for use in Saskatchewan.

In the event of the investigation indicating the advisability of having uniform forms, the result would be that mortgages, agreements of sale, etc. would only be legal when made out on the government approved form.

This principle is now in effect on machinery contracts.

**Oak Bay, B.C.**—Call for tenders for $36,000 fire hall debentures has been withheld by council.

## Wheat Prices




**(Cash Quotations)**

| | For Week Nov. 23 High | Low | Prev. Week High | Low |
|---|---|---|---|---|
| 1 Man. Hard | 1.42 | 1.31⅝ | 1.42 | 1.35¼ |
| 1 Northern | 1.42 | 1.31⅝ | 1.42 | 1.35¼ |
| 2 Northern | 1.38 | 1.25⅛ | 1.38 | 1.31¾ |
| 3 Northern | 1.18 | 1.03⅝ | 1.16½ | 1.11 |
| 4 Northern | 1.09 | .99⅛ | 1.09½ | 1.04 |
| 5 Wheat | .99 | .89⅝ | 1.02 | .96¼ |
| 6 Wheat | .93 | .78⅝ | .97 | .88¼ |
| Feed Wheat | .78 | .68⅝ | .78 | .72⅞ |

**Competitive Export Prices:**

| Nov. shipments: | Week to Nov. 23 High | Low |
|---|---|---|
| No. 1 North. (Atlan.) | 1.67⅛ | 1.62½ |
| No. 3 North. (Atlan.) | 1.42⅛ | 1.37½ |
| Australian, Dec. | 1.28⅛ | 1.23⅜ |
| Australian, Jan. | 1.28⅛ | 1.21⅞ |
| Indian (new crop) | 1.28⅞ | 1.22⅜ |
| U. S. Hard Winters | 1.23⅜ | 1.17⅛ |
| Argentine (Rosafe)‡ | 1.30⅝ | 1.27¼ |
| Russian | 1.21⅞ | 1.14⅞ |

‡Jan.-Feb. speculative offers.

### Winnipeg Grain Futures

Week to Nov. 23, 1937

| Crop year from Aug. 1, 1937 High | Low | | Open Nov. 17 | High for week | Low for week | Close Nov. 23 | Close year ago |
|---|---|---|---|---|---|---|---|
| | | **Wheat** | | | | | |
| 1.34⅝ | 1.09¼ | Nov. | 1.19⅞ | 1.23⅛ | 1.12⅞ | 1.13⅝ | 1.07¾ |
| 1.29½ | 1.04¼ | Dec. | 1.15¾ | 1.18¾ | 1.10 | 1.10⅝ | 1.05⅝ |
| 1.30¾ | 1.02¼ | May | 1.12⅝ | 1.15⅞ | 1.08¼ | 1.06⅞ | 1.07 |
| 1.10⅝ | .97⅝ | July | 1.07½ | 1.08⅝ | 1.04½ | 1.04⅞ | 1.05¾ |
| | | **Oats** | | | | | |
| .52½ | .45 | Nov. | .48 | .48 | .46¼ | .48 | .45½ |
| .51⅝ | .40¼ | Dec. | .45 | .45⅞ | .44¼ | .45⅝ | .44⅞ |
| .51 | .41¼ | May | .43⅝ | .44⅞ | .43⅛ | .43⅞ | .45½ |
| .42¾ | .41⅛ | July | .... | .42¾ | .41⅛ | .41⅞ | .44 |
| | | **Barley** | | | | | |
| .62¼ | .57⅞ | Nov. | .60¼ | .62¼ | .58½ | .58¾ | .62¼ |
| .65⅞ | .52½ | Dec. | .57¾ | .59½ | .55½ | .56¾ | .61⅝ |
| .64½ | .53¼ | May | .56⅞ | .58⅜ | .55¼ | .56 | .59¼ |
| | | **Flax** | | | | | |
| 1.80½ | 1.71⅞ | Nov. | 1.73½ | 1.78½ | 1.71⅞ | 1.75¼ | 1.60 |
| 1.80¼ | 1.69¾ | Dec. | 1.72 | 1.77½ | 1.71¾ | 1.71¾ | 1.60½ |
| 1.82 | 1.69⅜ | May | 1.71½ | 1.78½ | 1.71½ | 1.71¾ | 1.64 |
| | | **Rye** | | | | | |
| .95 | .67⅛ | Dec. | .76⅜ | .77⅞ | .71½ | .72¼ | .79⅝ |
| .95⅝ | .69¼ | May | .78 | .79½ | .73⅜ | .74¼ | .78⅞ |

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## Test Case Fought On Quebec Tax

### Legality of Chain Store Levy Challenged in Courts

From Our Own Correspondent

QUEBEC.—Imposition of Quebec City's $500 tax per unit on chain stores is being fought by United Cigar Stores, in a test case before the recorder's court.

Challenging its legality, despite the fact that the tax was authorized by the legislature in Quebec charter amendments last winter, the United Cigar Stores claims also that the tax is prohibitive and that it conflicts with the interpretation of freedom of trade and commerce, as outlined by the country's laws.

Freedom of trade is recognized by the federal authorities, through federal laws, it is claimed, and the imposition of the municipal tax constitutes interference in a federal field.

The special tax in question, $500 per unit for all chains in the city, makes no distinction among classes of trade or the volume of business done each year. Only three chains are really affected by the tax, the United Cigar Stores, Laura Secord shops, and Dominion Stores, who have six stores in Quebec.

Outcome of the United Cigar Stores claim is being eagerly awaited by other chains affected.

## Will Change Assessment On Regent Knitting Plant

From Our Own Correspondent

Montreal. — Ratepayers of the town of St. Jerome, Que., will be asked in a referendum on Dec. 10 to authorize a by-law to increase the valuation of the plant of the Regent Knitting Mills Ltd. for municipal tax purposes from $350,000 to $400,000.

The present contract fixing the valuation at $350,000 expires on Jan. 1, 1938, and the town council has decided that an increase of $50,000 would be suitable. Before the by-law is adopted, however, ratepayers are to be asked to give their consent. The higher valuation will increase the taxes paid by the company by approximately $1,000.


## NOTICE

Notice is hereby given that the INSURANCE COMPANY OF NORTH AMERICA has received from the Department of Insurance, Ottawa, Certificate of Registry No. C-538 authorizing it to transact in Canada insurance against loss of or damage to an aircraft, in addition to the classes for which it is already registered.

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# Higher Rates Forecast On Automobile Policies

### Loss Ratios Continue to Show Increase Accident Toll Up—Experience For 1937 Expected to Show Further Jump

Higher rates for automobile insurance in Canada are indicated by the findings of C. H. Fredrickson, actuary of the Canadian Underwriters Association, in his report on "Automobile Experience" just released to the companies.

While officials decline to state whether increases will shortly be put into effect, it is understood that the subject of upward revision of rates is under discussion by committees. Rate revision is usually effected in February or March.

The increase of about 5% levied in April of this year was then admitted to be "just a drop in the bucket" so far as giving companies a fair price for their protection.

With loss ratios showing a sharp increase in the past few years and the highway accident toll for the present year soaring, it is expected that the showing for most companies will be considerably worse when the 1937 experience is exhibited.

**Increase in Deaths**

For the first six months of the present year there has been a 68.6% increase in the number of deaths on the highways of Ontario, an increase of 27.9% in the number of accidents, a 25.1% increase in non-fatally injured and a 50% increase in the amount of property damage.

According to experience of the past five years public liability insurance rates should be raised some 20% to give the companies a sound underwriting position, the Fredrickson report shows. Collision experience would justify an even greater increase in rates. Property damage rates would need a 10% increase to meet approved ratios.

It is not expected that the companies will increase their rates the full amount indicated by these figures. Competition is extremely keen and with some other classes of insurance such as fire giving a good profit, companies may prefer to continue writing automobile insurance below estimated costs.

**Company Experience**

Detailed experience for Manitoba, Prince Edward Island, Saskatchewan and Alberta, is given in the report and with slight variations shows the same need for rate adjustment. The provinces not covered by the report have so far not inaugurated the system of uniform records which made possible the collation of this report. Quebec, it is understood, will soon be included as the new superintendent of insurance continues his reorganization.

Below is the record of experience of all companies, tariff and non-tariff in Ontario.

Loss ratio is the percentage of losses compared to premiums earned. The figure in the next column is a percentage adjustment of rate level and is a ready means of reference for determining how much deficient or redundant the actual rate level is when compared to the expected one. The plus figures show the percentage which the rates should be increased in order to bring the experience to a 53% loss ratio basis as approved for Ontario and 52½% for the remainder of Canada. Minus figures show the percentage reduction that may be made in the rates to arrive at the same loss ratios.

**Passenger Cars**
**ONTARIO**

| Year | Loss ratio % | Indicated adjust. of rate level % | Aver. cost of claim $ |
|---|---|---|---|
| **Public Liability** | | | |
| 1932 | 54 | +2 | 393 |
| 1933 | 59 | +11 | 415 |
| 1934 | 60 | +13 | 396 |
| 1935 | 60 | +13 | 435 |
| 1936 | 66 | +25 | 427 |
| Average | 60 | +13 | 414 |
| **Property Damage** | | | |
| 1932 | 51 | —4 | 33 |
| 1933 | 48 | —9 | 32 |
| 1934 | 53 | ... | 34 |
| 1935 | 52 | —2 | 32 |
| 1936 | 58 | +9 | 35 |
| Average | 53 | ... | 33 |
| **Collision Full Coverage** | | | |
| 1932 | 45 | —15 | 40 |
| 1933 | 38 | —28 | 33 |
| 1934 | 70 | +32 | 50 |
| 1935 | 112 | +111 | 70 |
| 1936 | 78 | +47 | 58 |
| Average | 67 | +26 | 51 |
| **Fire** | | | |
| 1932 | 51 | —4 | 77 |
| 1933 | 35 | —34 | 57 |
| 1934 | 37 | —30 | 58 |
| 1935 | 31 | —42 | 55 |
| 1936 | 26 | —51 | 53 |
| Average | 35 | —34 | 60 |
| **Theft** | | | |
| 1932 | 47 | —11 | 25 |
| 1933 | 44 | —17 | 20 |
| 1934 | 48 | —9 | 18 |
| 1935 | 46 | —13 | 19 |
| 1936 | 42 | —21 | 22 |
| Average | 45 | —15 | 21 |

**Average Five Year Experience for the Other Corresponding Provinces**

| | | | |
|---|---|---|---|
| **Prince Edward Island** | | | |
| Public liability | 56 | +7 | 917 |
| Property damage | 41 | —22 | 51 |
| Full collision | 124 | +136 | 66 |
| Fire | 57 | +9 | 150 |
| Theft | 143 | +172 | 192 |
| **Manitoba** | | | |
| Public liability | 53 | +1 | 422 |
| Property damage | 39 | —28 | 30 |
| Full collision | 63 | +20 | 31 |
| Fire | 32 | —39 | 63 |
| Theft | 85 | +62 | 23 |
| **Saskatchewan** | | | |
| Public liability | 65 | +24 | 649 |
| Property damage | 51 | —3 | 53 |
| Full collision | 94 | +79 | 67 |
| Fire | 37 | —30 | 117 |
| Theft | 25 | —52 | 37 |
| **Alberta** | | | |
| Public liability | 58 | +10 | 482 |
| Property damage | 44 | —16 | 49 |
| Full collision | 72 | +37 | 56 |
| Fire | 49 | —7 | 132 |
| Theft | 43 | —18 | 30 |
| **COMMERCIAL VEHICLES** | | | |
| **Ontario** | | | |
| Public liability | 60 | +13 | 395 |
| Property damage | 42 | —21 | 33 |
| Full collision | 43 | —19 | 61 |
| Fire | 51 | —4 | 193 |
| Theft | 40 | —25 | 43 |
| **Prince Edward Island** | | | |
| Public liability | 15 | —71 | 77 |
| Property damage | 38 | —28 | 38 |
| Full collision | 145 | +176 | 65 |
| Fire | 71 | +35 | 208 |
| Theft | 20 | —62 | 129 |
| **Manitoba** | | | |
| Public liability | 63 | +20 | 505 |
| Property damage | 40 | —24 | 29 |
| Full collision | 119 | +127 | 24 |
| Fire | 67 | +28 | 197 |
| Theft | 87 | +66 | 44 |
| **Saskatchewan** | | | |
| Public liability | 26 | —50 | 328 |
| Property damage | 46 | —12 | 41 |
| Full collision | 55 | +5 | 41 |
| Fire | 47 | —10 | 271 |
| Theft | 15 | —71 | 49 |
| **Alberta** | | | |
| Public liability | 81 | +54 | 799 |
| Property damage | 47 | —10 | 46 |
| Full collision | 23 | —58 | 40 |
| Fire | 80 | +52 | 302 |
| Theft | 45 | —14 | 55 |

**General Increase**

Should the tariff companies (the companies which abide by the rates agreed upon by the association) decide to increase rates several of the non-tariff indicated to this writer that there was no doubt that under the gloom of present underwriting experience the non-tariff companies would boost their rates, though still probably keeping them somewhat below the tariff schedule.

Despite increasing traffic perils, the tariff of rates for New York state was decreased last week, saving automobile policyholders an estimated $3.5 millions per year.

Premiums in most centres were reduced by some 9.2% for public liability and 6.3% for property damage for private vehicles. For commercial vehicles the decreases were 7.1% for public liability and 2.1% for property damage.

Premiums in New York state are still high, however, compared to most Canadian rates. For a Ford V-8 in Buffalo, public liability costs under the new reduced rates $43, in Toronto $15.90. Property damage for the two cities respectively costs $9 and $7.65. For a rural New York state county, the rate is $30 and $7 for the two coverages. For a fairly similar Canadian area the rate is $8.40 and $4.65. In New York city, the highest, public liability has been reduced from $90 to $79 and property damage reduced from $18 to $15.50.

Since 1932 combined public liability and property damage rates for private cars in New York city have been reduced more than 25% and it is indicated that still further reductions will be made next year.

## Great-West Maintains Policy Dividend Scale

The Great-West Life Assurance Co. announces that its scale of dividends to policyholders, prevailing in 1937, will be continued into 1938. In most cases this will mean that, because of the policy duration being one year greater, the dividend allotments to individual policies will be somewhat larger than at the last anniversary dates. Rate of interest allowed on accumulative dividend funds and on proceeds of policies will be 3¾, effective Jan. 1.

## Powell River Company Ready to Start on Pulp

From Our Own Correspondent

MONTREAL.—Powell River Co. is expected to start production of pulp for export before the end of the month. The company's new Kamyr machine will produce about 15,000 tons a year, although when the second unit has been installed, an output of twice that amount is expected.

In the past, Powell River has concentrated on production of newsprint.

## Free Insurance Evil Increases

### Overdue Unpaid Balances, However, Show Considerable Drop

"The free insurance evil" increased sharply in the third quarter of the year according to returns made to the Ontario Superintendent of Insurance by fire companies and by general agents.

Overdue unpaid balances, however, are very considerably lower than they were at this time last year.

Aggregate amount of balances 90 or more days overdue, increased $94,823, over the previous report to the period ending June 30 but unpaid balances June 30 this year were $156,389 less than in Sept., 1936.

Overdue balance reported by general agents increased by $29,000 during the third quarter of the present year. But this was a decrease of over $15,000 for the third period of this year compared with the same period in 1936.

Only eight companies and 18 general agents failed to file a return.

With the new year, special new forms for the returns will be supplied companies and agents in accord with the recommendation of the Special Committee on Credit and Free Insurance Evils. Hartley D. McNairn, superintendent, expresses the hope that these new forms will make it easier for agents and companies to fulfil requirements. "In this connection, it is my intention," he stated, "to publish a list in the next report of those companies and general agents whose returns do not reach the department on or before the 31st day of January, 1938."

## Believes Most Policies in Need of Adjustment

Nine out of ten life insurance policies need readjustment according to Leon Simon, New York insurance author lecturer and underwriter, speaking to the Life Underwriters luncheon at Toronto last week. Payment of insurance to a beneficiary in the form of a monthly income rather than in a lump sum was, the speaker claimed, highly desirable.

Mr. Simon pressed the point that the all-round underwriter who handled all classes of policy was wiser than the specialist who concentrates on one or two types of business.

## London Life Increases Dividends on Policies

Increase in dividends to policyholders, effective from January 1, 1938, is announced by The London Life Insurance Co. The new scale will make the total dividend to policyholders 20% greater than would have been payable under the 1937 scale.

This new scale gives London Life policyholders the advantage of both improved mortality experience and efficiency in administration and it is adjusted to current rates of interest on investments.

## *Group Policy for Sickness Covers 10,000 Inco Employees*

The 10,000 employees of International Nickel Company of Canada, Ltd., are to be covered by sickness and non-occupational accident insurance, thus completing a coverage that now includes life insurance and pension benefits as well as the sickness and accident benefits, Donald MacAskill, vice-president, announces.

Practically all hourly-rate employees in the various plants in Sudbury district and Port Colborne are participating in the plan which is on a contributory basis with 50% of the premium paid by the company. The plan is being underwritten by the Metropolitan Life Insurance Co.

"This plan was arranged at the request of our employees to assure them an income during periods when it is necessary to lay off work on accounts of illness or non-occupational accidents," he said, "and it is a practical example of the large measure of social security it is possible to secure from close co-operation between employees and employer."

Benefits of the plan include $15 per week for a maximum of 13 weeks for sickness and non-occupational accidents. All hourly-rate employees are eligible for the plan upon completion of three months service, and participation is voluntary. The employee may receive benefits from two or more illnesses or accidents during a single year. Benefits commence from the day of accident or after the third day of sickness. Also made available to the employees through this plan is the visiting nurse service of the Metropolitan Life.

## Policy Payments Twice Relief Cost

### Official Says Companies Saved Government Substantial Sum

Through the depression years life insurance companies paid to Canadians nearly twice the sum spent by governments on direct relief, C. D. Devlin, general superintendent of agencies for the Confederation Life Association told the Life Underwriter Sales Congress at Windsor. "If no life insurance were held or if life insurance were not so widely held, governments would be forced to give substantially increased relief, he declared.

"Canada ranks second among world nations in per capita use of life insurance," he said. "United States is first with $750 each, Canada $575 and Great Britain $340. "Life insurance," he believes, "is a greater social remedy than unemployment insurance, health insurance, mother's allowance or pensions for the aged."

## Life Companies Submit Fireman's Fund Plan

A plan to put the Fireman's Superannuation Fund on a sound actuarial basis with pensions being paid instead of a lump sum was presented to London, Ont. city council by a delegation representing four life insurance companies.

As suggested by London Life, Confederation Life, Canada Life and Mutual Life a fireman would retire at the age of 65. Assuming he had been paying into the fund for 40 years he would receive a pension of $88.40 a month. Firemen are now contributing 2.5% of their salaries into the fund under civic control representing the amount of the restoration of salary cuts two years ago. It was suggested that firemen continue this payment amounting to $3,496 for the first year with the city paying $5,492.

## Life Sales Drop in United States

### October Figures 2% Below Those of Same Month Last Year

New life insurance production in United States for October was 2% less than for October of 1936, while the total for the first 10 months of the year was 5.7% more than for the corresponding period of last year, according to a report of the Association of Life Insurance Presidents.

New ordinary insurance amounted to $429,358,000, a decrease of 2.9%. Industrial insurance was $226,243,000, a decrease of 2.7%. Group insurance was $45,437,000, an increase of 12.2%.

For the first 10 months of the year, group insurance has increased 36.9% while new ordinary has increased 6% and industrial insurance has decreased 1.2%.

**New Licenses**

The federal department of insurance announces that the following companies have been issued licenses to transact, in addition to the classes for which they are already registered, the following types of business:

**Svea Fire and Life Insurance Co.**, falling aircraft, civil commotion, hail, loss caused by vehicles.

**The Lumbermen's Mutual Insurance Co. of Mansfield, Ohio,** falling aircraft, hail, explosion, civil commotion, sprinkler leakage and loss caused by vehicles.

# *Only One Death Claim From Sino-Jap Front*

### Canadian Life Companies Get Reassuring Report From Shanghai

Peril to the staffs of the three chief Canadian life insurance companies operating in China is very slight and so far has resulted in only one death claim.

This is the assurance of Major P. R. M. Wallis, manager of the China division of the Confederation Life Association, given in detailed reports on the situation to his company head office in Toronto.

"There is greater hazard from motor cars on the highways of America than for foreign residents in the settlements of Shanghai and treaty ports of China," declares Major Wallis, who served with the Canadian army during the Great War.

The one death claim presented to the three Canadian companies followed the death of a European killed in the department store bombing of Shanghai.

Total claims in China arising out of the war so far have been only $50,000 (Mexican), about $15,000, most of this amount being with an Asiatic company whose business was 98% native.

"With the enormous police force of 6,000 men in this settlement (International), there has not been a foreign policeman scratched, and the volunteer corps of 2,000 men has only had two major accidental casualties," Major Wallis asserts.

**Cholera at an End**

"The slight cholera epidemic has come to an end and medical men of my personal acquaintance inform me that the danger of an epidemic is over. The normal danger of war conditions is also past. You will undoubtedly read reports of bombing of civilians and you must not look upon that as a danger to what we call the insuring public."

Major Wallis pointed out that Confederation Life has only one policyholder in Shanghai subjected to war risk in the course of his daily duties, a policeman engaged in guarding food supplies.

"In Shanghai itself, were it not for occasional sandbag emplacements and barbed-wire barricades on the streets, it would be hard to realize that there was any trouble in the vicinity. True, faces in the street look less happy, food prices are up and there is some feeling of uncertainty, but, on the whole, foreigners are philosophical and work goes on as usual.

**Appointments**

**Excelsior Life Insurance Co.** announces the appointment of:

LEON A. BROWN LIMITED, of Winnipeg, as general agents for the city of Winnipeg.

HOWARD J. CROFTS formerly manager for western Ontario to be branch manager in Hamilton.

**The Economical Mutual Fire Insurance Co.** has appointed:

JAMES D. CHERRY as general agent in the Province of Quebec.

# Life Sales Up For October

### Canadian and Newfoundland Totals 15% Above Last Year

Improvement of nearly 15% as compared with last year is shown in the sales for October of new ordinary life insurance in Canada and Newfoundland which totalled $33,762,000, according to returns compiled by the Life Insurance Sales Research Bureau, released by the Canadian Life Insurance Officers Association.

Total sales for the first 10 months of the present year total $314,650,000 as compared with $280,888,000 to the end of September. Ontario leads all provinces with some $139 millions of new ordinary life sales. Quebec is second with $88 millions.

Details of life insurance sales by months:

**Ordinary Life Sales***
(a) Sales by Months 1934-1937
($ 000 omitted)

| | 1934 | 1935 | 1936 | 1937 |
|---|---|---|---|---|
| Jan. | 27,718 | 32,988 | 33,347 | 27,699 |
| Feb. | 29,036 | 28,716 | 28,834 | 30,604 |
| Mar. | 32,564 | 31,416 | 30,552 | 31,998 |
| Apr. | 33,296 | 28,900 | 28,876 | 32,919 |
| May | 33,134 | 27,423 | 28,411 | 31,858 |
| June | 32,277 | 32,112 | 31,247 | 37,700 |
| July | 33,951 | 32,155 | 31,396 | 32,364 |
| Aug. | 26.650 | 26.854 | 23,547 | 28,274 |
| Sept. | 26,123 | 26,696 | 28,090 | 27,514 |
| Oct. | 31,342 | 30,416 | 29,402 | 33,762 |
| Nov. | 35,863 | 35,158 | 36,710 | ..... |
| Dec. | 27,691 | 36,550 | 34,146 | ..... |

Detailed sales by provinces, based on returns by 18 companies having 87% of the total insurance in force, and exclusive of group insurance, annuities, pension bonds without insurance, reinsurance, revivals, etc., were as follows:

| | October 1937 $ | October 1936 $ |
|---|---|---|
| British Columbia | 2,470 | 2,216 |
| Alberta | 1,304 | 1,407 |
| Saskatchewan | 994 | 1,653 |
| Manitoba | 1,985 | 1,773 |
| Ontario | 14,722 | 12,908 |
| Quebec | 9,548 | 7,829 |
| New Brunswick | 944 | 728 |
| Nova Scotia | 1,277 | 1,124 |
| Prince Edward Island | 121 | 201 |
| Newfoundland | 397 | 253 |
| | 33,762 | 30,092 |


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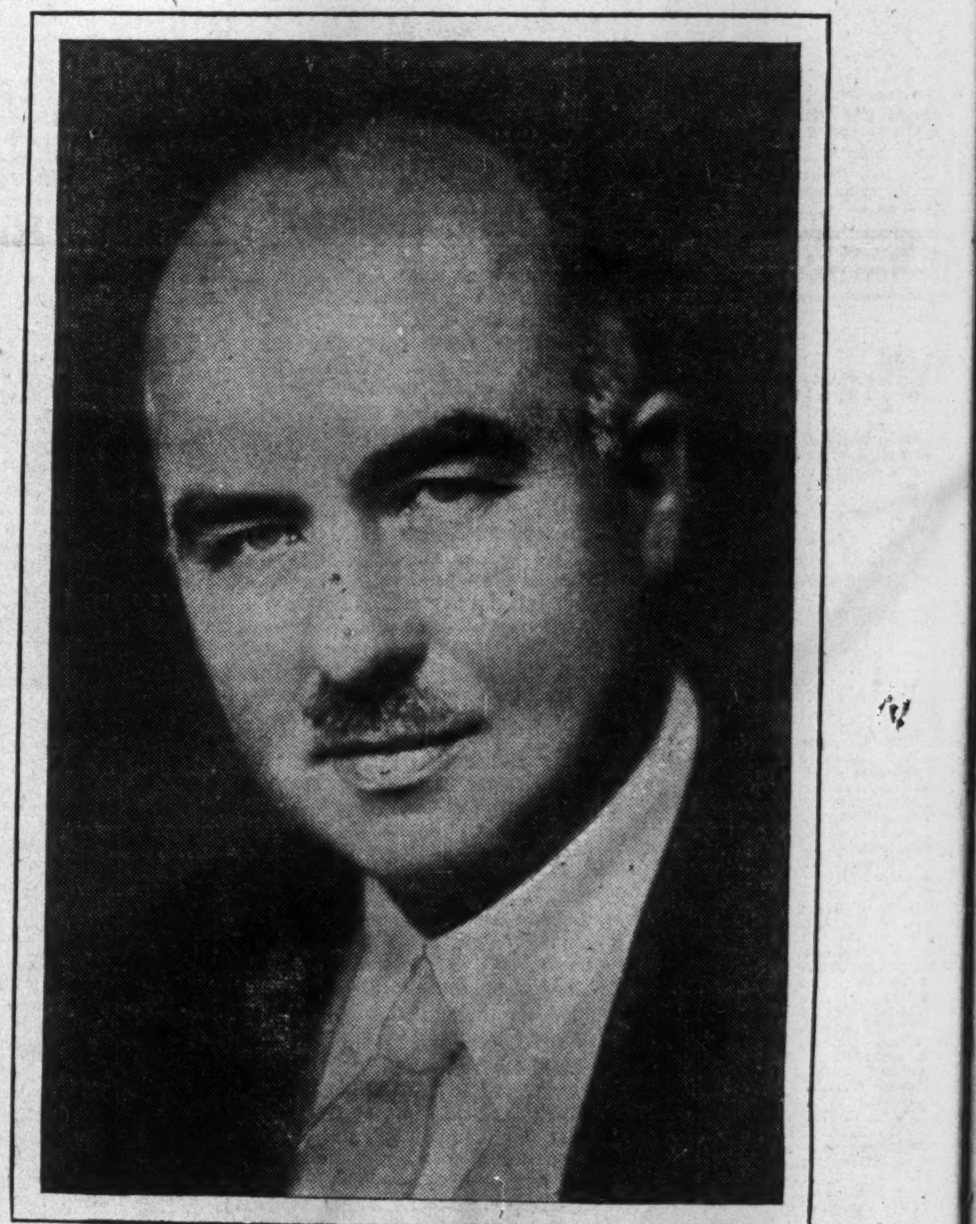

*Arthur Beverley Baxter, M.P.*


BEVERLEY BAXTER, Canadian-born Member of the British House of Commons, was recently on a vacation tour in Canada. Among the highlights of his visit were his addresses in Toronto to a capacity audience of thirteen hundred women of the Women's Canadian Club and an overflow meeting of over seven hundred men at the Empire Club — eloquent evidence of his popularity.

*If you are selling the people who are reading Beverley Baxter in Maclean's you are selling plenty!*

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**Banking**

# Canada's Foreign Trade Key to Business Future

## S. H. Logan Sees Hope of Overcoming Recent Difficulties and Resuming Course of Recovery—Labor Troubles, Monetary Uncertainties Unfavorable Factors

S. G. Dobson, general manager of the Royal Bank of Canada, was elected president of the Canadian Bankers Association, succeeding S. H. Logan, Bank of Commerce, at the annual meeting held in Toronto last week.

Other officers elected include H. B. Henwood, general manager Bank of Toronto, H. F. Patterson, general manager Bank of Nova Scotia, Charles S. Pierre, general manager Banque Canadienne Nationale and Jackson Dodds, general manager Bank of Montreal.

In his presidential address Mr. Logan said:

**Business Prospects**

"Prospects for Canadian business in the next year depend largely upon market conditions abroad for our exportable surplus of commodities, an excess over our domestic requirements which usually represents nearly one-third of the national production.

"Economic recovery in many parts of the world has rested upon such uncertain foundations that one could never view it with an optimistic eye. Now, with an intermediate recession under way in some parts of the world their artificial elements have overbalanced natural sources and with a growing realization of the dangers of monetary manipulation and of borrowing against future resources for unproductive projects, responsible and influential authorities are striving to bring about more healthy conditions for capital and trade.

"It is encouraging that at last more practical views prevail than those which, formerly holding sway, held that the way to durable social improvement was along the narrow paths of trade and investment restrictions. It is upon this growing desire for freer trade that I base the hope that Canadian economy—revitalized, and more efficient and productive than ever before—will soon overcome the new difficulties of recent months and resume the progressive course of the past year."

Unfavorable elements bearing upon Canadian business were outlined by Mr. Logan as "labor troubles, highly erratic commodity and stock exchange markets, persistent monetary uncertainties abroad and the continued pursuit of self-sufficiency throughout much of the commercial world, with consequent restraining influences on international trade in commodities apart from rearmament material."

"New strain and stresses have developed in world economy as a result of multifarious devices in several countries to bring business under rigid authoritarian control as well as of dangerous philosophies and political actions which have charged the economic atmosphere with threats of widespread warfare and have lead to massive financial burdens incidental to the world armament programme.

"Notwithstanding all these difficulties the tide of recovery has run so strong in Canada that she is enjoying the largest national income, in the past seven years, about $5,000 millions."

**Alberta Situation**

Touching on the Alberta situation Mr. Logan remarked: "We have repeatedly assured the provincial authorities that the banks will be willing to co-operate with them in any steps to improve the financial situation in Alberta, provided the action which the banks are asked to take is within their legal power and in accordance with recognized principles of safe banking. That assurance still stands.

"In the 12 months ending September the combined assets of the chartered banks increased by $135 millions to $3,340 millions, taking into account all items that make up the bank credit fund—securities, loans, discounts and letters of credit available to private enterprise and to public authority. There was an increase of $159 millions to a total of $2,743 millions."

### Bank of Canada Weekly Statement

Reflecting the usual seasonal tendency for banks to build up their cash position as the annual report time comes around, the weekly statement of the Bank of Canada shows that deposits with it of the chartered banks this week increased $12.5 millions and that holdings of the highly liquid short-term government bonds on the asset side of the ledger have increased some $5.3 millions.

Deposits of the Dominion Government have declined some $6.1 millions. Notes in circulation declined some $400,000 and "all other liabilities" were down $1.1 millions.

**Balance Sheet**

| Liabilities | Nov. 17, 1937 $ | Nov. 10, 1937 $ |
|---|---|---|
| Capital paid up | 10,100,000 | 10,100,000 |
| Notes in circ. | 159,726,928 | 160,188,845 |
| Rest fund | 743,716 | 743,716 |
| Depos.: Dominion | 25,861,430 | 31,962,794 |
| Banks | 221,865,224 | 209,408,283 |
| Other | 1,452,754 | 2,506,586 |
| Total deposits | 249,179,408 | 243,877,663 |
| All other liabs. | 2,771,730 | 3,105,385 |
| Total liabs. | 422,521,782 | 418,015,609 |
| **Assets** | | |
| Reserve: Gold | 180,035,441 | 179,931,114 |
| Silver bullion | 2,690,445 | 2,690,866 |
| Res in sterling and U. S. | 24,824,881 | 27,341,447 |
| Other curr. | 513 | 634 |
| Total reserve | 207,551,280 | 209,964,061 |
| Subsidiary coin | 75,763 | 75,739 |
| Investments: | | |
| Dom. govt. short | 99,671,591 | 94,428,994 |
| Other Dom. govt. | 97,371,657 | 96,521,226 |
| Other secs. | 12,186,085 | 12,187,712 |
| Total invest. | 209,229,333 | 203,137,932 |
| Premises | 865,216 | 865,192 |
| All other assets | 4,800,190 | 3,972,684 |
| Reserve ratio | 422,521,782 | 418,015,609 |
| | 50.75% | 51.96% |

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11-38


### Bank Chat

*A Sense of Humor*

When we ran into Clarence A. Bogart at a function the other day someone in the group called attention to the fact that he is 73 years of age. This sent us, unbelieving, to the reference books where the bald fact was confirmed, as it is not confirmed by his youthful appearance.

What is it that keeps a man young? In the case of the chairman of the board (and ex-general manager) of the Dominion Bank, it might be one of several explanations. The cynic might say it is because he has remained a bachelor. The medical man might say it is because he has played golf for so many years—a good game, so good that he justified his presidency of the R. C. G. A. and the Senior Golfers' Association.

But maybe it is just a sense of humor that has carried him across many difficult paths always with an ability to extract some amusement from the occasion.

And truly he needed a sense of humor often; such as when he left the dignified atmosphere of the home of his venerable archdeacon father to become a junior in the bank at Uxbridge and began his career by falling into a tanning vat and ruining his only suit of clothes.

The incident, along with others, was related recently in the Canadian Banker by W. Stewart Wallace, librarian of the University of Toronto. Mr. Wallace tells how Clarence Bogart, in 1893, asked to be allowed to open the bank's office in Montreal, a hard and for some time fruitless task. In time he put the branch on a paying basis. Later when he was tendered a banquet on leaving Montreal he thanked his competitors, saying: "They have been so kind as to send me some of their oldest customers — indeed, most of these customers were so old that they were failing fast."

Numerous are the other examples of Clarence Bogart's ready wit that could be told. One incident tells of a banquet at which he was asked to speak. At the dinner was one man who had taken too much and was making himself objectionable. In calling attention to the many interests represented at the dinner, Mr. Bogart came finally to this man. He remarked according to Mr. Wallace:

"As for Mr. X., I do not know what interest he represents; but judging from his affluent appearance, I should say that he represents money. Money is tight."

Mr. Bogart is another Canadian business leader who came from a clergyman's home. He was the eldest son of an Anglican clergyman with a family of eight children.

* * *

*Aldrich Speaks Again*

Hardly a week intervened between the day when Winthrop W. Aldrich, chairman of the board, Chase National Bank made his stinging attack on the New Deal attempts to regulate the stock market and the administration announcement lowering margin requirements.

In that speech at Rochester Aldrich showed how the New Dealers had rendered the stock exchange vulnerable in the highest degree.

Mr. Aldrich does not go to statistics and indices for his explanation of the present business slump in the U.S. He declared: "The primary cause is to be found in important governmental policies, some of which already bear heavily on business and others of which undermine confidence in the future on the part of the investing public and the business community. Many governments' policies, moreover, create uncertainty and uncertainty is the one thing above all it is most difficult for business to cope with."

The speaker referred to being in London in May when business was "upset" by the rumor that U.S. was going to raise the price of gold, how six months later being in Paris, he found business equally disturbed over the rumor that U.S. was going to lower the price of gold. "Both rumors were no doubt equally unfounded, but the effect on the international commercial and financial situation was in each case disturbing and harmful."

*HEADS BANKERS*

S. G. Dobson, general manager of the Royal Bank of Canada, who has been elected president of the Canadian Bankers Association. He succeeds S. H. Logan.

### Royal Bank Unaffected By Situation in Brazil

From Our Own Correspondent

MONTREAL. — Royal Bank of Canada does not expect that its operations in Brazil will be affected by the recent change of Government there.

Newspaper dispatches have stated that Article 145 of the new constitution prohibits the operation of foreign banks and insurance companies and that those already operating will be given a reasonable time in which to liquidate their business or turn it over to Brazilians. However, S. G. Dobson, general manager of the Royal Bank, informs The Financial Post that private cables have denied this. While the establishment of new branches by foreign banks is prohibited, banks already operating in Brazil will be permitted to continue in business.

The Royal Bank operates four branches in Brazil.

## Early Buchan Novel Used To Promote Social Credit

Quotation from an early novel of Canada's Governor-General, Lord Tweedsmuir is used by the Public Relations Department of the Social Credit Government of Alberta to justify its recent act muzzling the press.

On page 308 of John Buchan's novel, "A Prince of the Captivity" the Social Crediters found one of the characters, a German official, making the following comment: "As for the press it does not greatly matter since the press is not an independent power but there is a great and potent world which the Government does not control. That is the world of finance — the men who guide the ebb and flow of money. With them rests the decision whether they will make that river a beneficent flood to quicken life, or a dead glacier which freezes wherever it moves, or a torrent of burning lava, to submerge and destroy. The men who control that river have the ultimate word."

The Alberta Publicity Department states: "We cannot immediately prevent such self-centred and self-domination as that to which Lord Tweedsmuir refers, but we can see that when it is exercised to deceive the people, some correcting influence, however small, shall be invoked to counteract it."

Notwithstanding Premier Aberhart's continued use of the radio for advancing the Social Credit cause, one of his official bureau releases states: "Modern mechanisms such as the financial machine, radio and the press are so far-reaching, all pervading and potently subtle, that to give undisputed control of any of them to those working some of the rackets existing today is like giving a mentally deficient child a machine gun to play with."

"Alberta has made up its mind to control its own credit, and the control of news and the control of credit are concentric, that is to say, if you control the one you control the other."

### Foreign Exchange

FOREIGN EXCHANGE AT TORONTO AND MONTREAL

| | 1937 Nov. 15 | 1937 Nov. 16 | 1937 Nov. 17 | 1937 Nov. 18 | 1937 Nov. 19 | 1937 Nov. 20 | 1936 Nov. 20 |
|---|---|---|---|---|---|---|---|
| U. S. dollar, High | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .99⅞ | .99[illegible] | .... |
| Low | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .... |
| 1936, High | .99⅞ | .99[illegible] | .99[illegible] | .99⅞ | .99[illegible] | .99⅞ | .... |
| Low | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .99[illegible] | .... |
| U. K. pound | 4.99⅛ | 5.01 | 4.99⅞ | 4.99½ | 5.00 | 4.99⅝ | 4.88⅝ |
| Australia | 4.00 | 4.01¼ | 4.00¼ | 4.00 | 4.00½ | 4.00⅛ | 3.89⅞ |
| Austria | .1894½ | .1895¾ | .1895¾ | .1894⅝ | .1894 | .1893½ | .1870 |
| Belgium | .1703 | .1706 | .1703 | .1699⅞ | .1699⅞ | .1699¾ | .1689½ |
| Brazil | .0598 | .0600 | .0600 | .0595 | .0590 | .0600 | .0590 |
| Czechoslovakia | .0351⅞ | .0352¼ | .0352⅝ | .0351¾ | .0351⅝ | .0352 | .0354 |
| Denmark | .2232 | .2233⅝ | .2235 | .2231⅛ | .2232 | .2232¾ | .2181½ |
| France | .0339 | .0340¼ | .0339⅝ | .0339 | .0339½ | .0339¾ | .0464¾ |
| Germany | .4038 | .4045 | .4044½ | .4037 | .4038⅝ | .4039½ | .4019 |
| Greece | .0091¾ | .0091¾ | .0091 | .0091⅞ | .0091⅞ | .0091¾ | .0089¾ |
| Holland | .5536 | .5548⅛ | .5542½ | .5539½ | .5541⅞ | .5542½ | .5404 |
| Hungary | .1980 | .1988¾ | .1993¾ | .1992½ | .1991⅞ | .1991¼ | .1978 |
| India | .3777¾ | .3784⅝ | .3789⅝ | .3773¼ | .3776 | .3779⅛ | .3720 |
| Italy | .0527 | .0526½ | .0526½ | .0525⅞ | .0525⅝ | .0525¾ | .0526¼ |
| Japan | .2914 | .2918¼ | .2923¼ | .2912⅝ | .2913½ | .2914½ | .3043 |
| Jugoslavia | .0234½ | .0234⅝ | .0234⅞ | .0234¼ | .0234⅛ | .0234½ | .0233 |
| New Zealand | 4.03 | 4.04⅝ | 4.03⅝ | 4.03⅛ | 4.03⅝ | 4.03¼ | .... |
| Norway | .2511½ | .2519 | 2512 | .2510⅞ | .2513 | .2512¼ | .2454½ |
| Poland | .1896 | .1897 | .1896 | .1896 | .1895 | .... | .... |
| South Africa | 4.99½ | 5.00⅛ | 4.98⅞ | 4.98⅝ | 4.99⅛ | 4.98¾ | 4.86 |
| Sweden | .2576½ | .2584⅝ | .2576⅞ | .2575¾ | .2579 | .2577⅝ | .2519 |
| Switzerland | .2313½ | .2318 | .2315 | .2311⅛ | .2313⅛ | .2313⅛ | .2298½ |
| Hong Kong | .3111 | .3118 | .3118 | .3115⅛ | .3117⅛ | .3116⅛ | .3050 |


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EXPORT "A" with FILTER TIP


# Imperial Bank Earnings Gain; Loans Are Up

## Moderate Improvement in Business Shown in Past Year

### TAXES INCREASE

Moderate improvement in the past year's business is recorded in the annual statement of the Imperial Bank of Canada.

With the fiscal year ending Oct. 31, Imperial leads the parade of bank statements which will be forthcoming in the next few months and its experience is of particular interest as revealing what may be expected from the other chartered banks.

As predicted on this page recently, earnings advanced mainly because of greater volume of commercial loans with continued low interest on deposits.

Net profit is $967,977 as compared to $962,813 last year. In terms of earnings per share profits this year were $13.83. Last year per share earnings were $13.75.

After dividends of $10 per share, write-offs on bank premises and reserve for contingencies, profits are $17,977 compared with $12,813 last year. Added to the previous balance, total is $638,032. Taxes for the year increased over $4,000 to $292,166, approximately to the figure of two years ago, following last year's lower taxes.

Total assets, current loans, cash and deposits all showed gains during 1937. Reflecting higher business confidence in Canada during the past year current loans increased almost 10%, the total now being $55,168,477 compared to $50,217,640 last year.

**Profit and Loss Account**
**Years Ended Oct. 31**

| | 1937 $ | 1936 $ |
|---|---|---|
| Net profits* | 967,977 | 962,813 |
| Dividends | 700,000 | 700,000 |
| | 267,977 | 262,813 |
| Written off bank premises | 100,000 | 250,000 |
| Res. for contingencies | 150,000 | ...... |
| | 17,977 | 12,813 |
| Previous balance | 620,055 | 607,242 |
| | 638,032 | 620,055 |

*After deducting Dominion and provincial taxes of $292,166 in 1937 and $285,974 in 1936; and contributions to officers' guarantee and officers' pension fund of $62,500 in both years.

**Assets Increase**

The bank's liquid position is fractionally lower than last year. Liabilities of deposits by the public increased some $3 millions and government deposits increased about $4 millions. This was, however, in some measure offset by the almost 50% or $4 millions increase in the bank's deposit with the Bank of Canada.

The bank's cash position was some $3 millions higher. Government long-term securities were up very slightly but holdings of short-terms were larger by $2.3 millions at $11.8 millions.

Call loans are down $1.6 millions, probably reflecting the dull mining market of the latter part of the year.

Interest bearing deposits of the savings type advanced about 5% for a $4.7 millions increase, but non-interest bearing deposits are reduced almost $1 million.

Write-offs on bank premises, last year totalling $250,000, are this year $100,000, with an additional $150,000 added for contingent liabilities.

Further reduction in the amount of notes in circulation is in line with provisions of the Bank Act following establishment of the Bank of Canada.

Comparative tables follow:

**General Statement**
**As at Oct. 31**

| Assets | 1937 $ | 1936 $ |
|---|---|---|
| Gold held in Canada | 720 | 766 |
| Subsid. coin held in Canada | 277,187 | 356,508 |
| Notes of Bank of Canada | 4,624,189 | 5,467,079 |
| Deposits with Bank of Canada | 8,090,466 | 4,139,835 |
| Notes of other chartered banks | 307,905 | 310,090 |
| Foreign notes | 106,212 | 82,001 |
| | 13,406,679 | 10,356,879 |
| Deposit for security of notes | 308,138 | 484,537 |
| Cheques on other bks. | 6,466,453 | 5,450,639 |
| Due by other chartered banks | 619,304 | 619,305 |
| Due from banks elsewhere | 2,516,932 | 3,907,509 |
| | 23,317,506 | 20,818,869 |
| Dom. & prov. 2-year bonds | 11,750,146 | 9,424,887 |
| Dom. & prov. over two years | 38,533,500 | 38,070,448 |
| Municipal securities | 4,165,149 | 3,857,865 |
| Other securities | 110,931 | 235,650 |
| | 54,559,726 | 51,588,850 |
| Call loans in Canada | 6,166,164 | 7,774,151 |
| Loans to provinces | 5,967,423 | 5,700,058 |
| Loans to munic., etc. | 6,458,544 | 6,566,145 |
| | 18,592,131 | 20,040,354 |
| Current loans in Can. | 55,168,477 | 50,217,640 |
| Non-current loans | 338,760 | 258,374 |
| Real estate | 260,060 | 281,896 |
| Mortgages | 372,283 | 352,966 |
| Bank premises | 6,000,000 | 6,000,000 |
| Letters of credit | 936,888 | 871,174 |
| Other assets | 121,579 | 117,136 |
| | 159,667,419 | 150,547,261 |

**Liabilities**
**To the Public**

| | 1937 $ | 1936 $ |
|---|---|---|
| Notes in circ. | 6,044,775 | 6,110,665 |
| Deposits, etc., Dom. govt. | 2,378,936 | 1,762,584 |
| Deposits, etc., prov. govts | 6,348,275 | 3,112,302 |
| Public dep., non-int. bearing | 32,262,890 | 33,195,560 |
| Public dep., bearing interest | 91,207,988 | 86,546,473 |
| | 132,198,089 | 124,616,919 |
| Due other chart. bks. | 1,567,841 | 1,469,463 |
| Due bks. outside Can. | 3,105,428 | 1,682,774 |
| | 4,673,269 | 3,152,237 |
| | 142,916,133 | 133,879,821 |
| Letters of credit, etc. | 936,888 | 871,174 |
| Capital stock, pd. up | 7,000,000 | 7,000,000 |
| Reserve fund | 8,000,000 | 8,000,000 |
| Divds. declared and unpaid | 176,365 | 176,211 |
| P. & L. balance | 638,033 | 620,055 |
| | 15,814,398 | 15,796,266 |
| | 159,667,419 | 150,547,261 |

**WOMEN STUDY BANKING**

A woman's study group for study of the subject of banking is to be formed in Edmonton in connection with the Woman's Forum sponsored by the convener of the Local Council of Women.

# Taxing Regulations Issued Covering Canada-U.S. Pact

Canadians receiving interest or dividend income from sources within the United States can now take steps to claim any rebate which may be due to them for overdeductions of income tax at the source by United States paying agents.

Since July 1, 1936, deductions have been made by paying agents within the United States from all interest or dividends paid to Canadian residents at the following rates: individuals, 10% on all income; corporations, 10% on dividends and 15% on other income.

Under the Reciprocal Tax Convention of Dec. 30, 1936, these rates have been reduced to the following: individuals, 5% on all income; corporations, 5% on dividends and 15% on other income. This tax convention is retroactive to Jan. 1, 1936.

**Effective July 1, 1936**

The United States Revenue Act, 1936, which imposed a 10% tax deduction at the source on income paid to all non-resident aliens was made retroactive to Jan. 1, 1936, but it was only enforced from July 1, 1936. Thus deductions made at the sources by paying agents only apply to the last half of 1936 with nothing deducted for the first half.

As the amount of the tax is to be 5% so far as Canadian residents are concerned, under the Reciprocal Tax Convention of Dec. 30, 1936, it is seen that whether an individual Canadian investor will be entitled to a rebate for overpayment of tax or required to make an additional payment to bring the full year's payments to the present 5% rate will depend on whether or not his income received from United States sources in the last half of the year 1936 was smaller or larger than that received during the first half.

Thus the regulations issued by the two governments fall naturally into three divisions in so far as 1936 and 1937 taxes are concerned, as follows:

(1) When additional tax is due the United States treasury for 1936 income: Payments are to be remitted to Collector of Internal Revenue, Baltimore, Md., by individuals, using United States form 1040 NB; by corporations, on or before the 15th day of the 6th month following the close of the fiscal year, using United States form 1120 NB.

(2) When a refund is due to a resident of Canada in respect of 1936 deductions: Individuals must complete United States form 1040 NB and 843; corporations must complete United States forms 1120 NB and 843; either claimant must file forms with Collector of Internal Revenue, Baltimore, Md.

(3) In respect of 1937 deductions, United States withholding agents are required to release immediately to Canadian residents income tax withheld since Dec. 31, 1936, in excess of 5%, without the necessity of filing any claims therefor.

The United States forms referred to may be procured through the office of the Canadian inspector of income tax in each district.

### Staff Changes

**The Canadian Bank of Commerce** announces the following staff changes:

S. McNAIRN, formerly accountant at Belleville, Ont., promoted to manager at Aurora, Ont.

A. M. KIRKWOOD, formerly manager at Aurora granted leave of absence prior to retiring from active service.

W. M. MELLISH, formerly accountant at Saint John, N.B., promoted to manager at Shelburne, N.S.

J. L. CLAXTON, formerly manager at Shelburne, N.S., granted leave of absence prior to retiring.

**The Royal Bank of Canada** announces the following staff changes:

I. D. EASTMAN, formerly manager, Goderich to Hamilton, Locke & Main, as manager.

R. H. BOUCHER, formerly assistant manager, Quebec to St. Hyacinthe, Que., as manager.

A. S. HOPKINS, formerly accountant, Kentville to Halifax, N.S., as accountant.

**The Bank of Nova Scotia** announces the following staff changes:

K. K. McCALLUM to be manager at Guelph, Ont.

F. BELL to be manager at Danforth & Pape, Toronto.

R. H. DEWAR to be manager at Kemptville, Ont.

D. L. DOYLE to be manager at Bancroft, Ont.

C. L. BOWLBY to be manager at Brockville, Ont.

S. J. DUNSFORD to be acting manager at Jasper, Ont.

### Weekly Bank Clearings

| | Nov. 18 1937 $ | Change Year Ago % | Nov. 11, 1937 $ |
|---|---|---|---|
| Halifax | 3,311,983 | +16.4 | 2,384,128 |
| Saint John | 2,202,788 | + 8.2 | 1,470,191 |
| Moncton | 932,835 | + 6.1 | 713,552 |
| Sherbrooke | 861,639 | +25.2 | 673,824 |
| Quebec | 6,315,549 | +17.0 | 4,800,482 |
| Montreal | 125,632,565 | + 0.2 | 87,768,456 |
| Ottawa | 20,798,087 | — 2.5 | 20,956,357 |
| Kingston | 674,719 | + 0.8 | 517,049 |
| Peterborough | 799,940 | +15.9 | 563,688 |
| Toronto | 172,932,489 | +11.1 | 90,816,275 |
| Hamilton | 6,913,570 | +28.1 | 4,392,431 |
| Brantford | 1,107,438 | + 4.1 | 893,439 |
| London | 3,358,310 | — 3.3 | 2,184,92[illegible] |
| Chatham | 753,537 | + 5.7 | 547,090 |
| Windsor | 4,327,139 | +27.7 | 2,526,004 |
| Sarnia | 482,906 | — 9.9 | 516,097 |
| Sudbury | 1,088,362 | — 2.2 | 896,667 |
| Fort William | 936,414 | + 8.7 | 733,961 |
| Winnipeg | 50,982,459 | —15.1 | 35,348,979 |
| Brandon | 448,979 | +11.8 | 408,640 |
| Regina | 3,414,983 | — 7.6 | 2,824,760 |
| Moose Jaw | 648,450 | —23.1 | 497,736 |
| Edmonton | 5,184,772 | + 3.6 | 3,875,801 |
| Prince Albert | 396,985 | — 9.1 | 343,013 |
| Calgary | 7,834,800 | + 8.1 | 5,615,735 |
| Medicine Hat | 290,093 | + 8.1 | 226,474 |
| Lethbridge | 680,366 | +24.2 | 709,363 |
| N. W'minster | 685,545 | + 6.2 | 648,334 |
| Vancouver | 18,832,200 | — 6.5 | 13,487,093 |
| Victoria | 1,831,456 | — 6.2 | 1,397,895 |

## Cockshutt Plow Business Better

### Actual Control of Canada Carriage & Body Co. Acquired

Cockshutt Plow Co. announces that "a very pleasing increase" in Cockshutt Plow-Frost & Wood business has been registered for the fiscal year ending Nov. 30, 1937. Earlier reports indicated that the first half of the year had shown substantial improvement but suggested some curtailment because of crop failures in parts of the West.

The company has recently acquired an additional block of the stock of Canada Carriage and Body Co., giving it actual control. It is stated that sales of Canada Carriage & Body Co. have also increased substantially over last year.

Cockshutt Plow Co. first acquired an interest in Canada Carriage & Body Co. in 1924, when the Brantford Carriage Co., owned by Cockshutt Plow, was included in the merger which resulted in Canada Carriage & Body. This gave Cockshutt Plow Co. a substantial interest, but not actual control. In 1929 Cockshutt Plow Co. sold the Adams wagon plant to Canada Carriage & Body to provide facilities for increased production of grain and truck bodies. Production is now concentrated on steel dump bodies, bus and truck bodies and motor car trailers, the latter sold under the trade name of Brantford Travel Coaches.

It is also announced that, effective Dec. 1, 1937, the management and direction of the Frost & Wood sales branches will be transferred from Smiths Falls to Brantford. This will consolidate the entire sales force under one direction.

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## Week in Mining

# Einzig Sees Price Rise Only Course for Gold

### Economist More Convinced Than Ever That Gold Share Investors Need Not Worry

Dr. Paul Einzig, eminent economist, has added still one more book to his growing list, and it is a book well worth the study of all gold share investors, who may be interested in the long-term outlook for gold prices.

In the preface to this work, "Will Gold Depreciate,"* Dr. Einzig states that his object in writing it is "to prove that the wave of distrust that arose during the second quarter of 1937 regarding the prospects of gold was not justified."

He does more than that. He advances sturdy grounds for believing that eventually, the price of gold will rise higher than its present level.

*Fears Unfounded*

Dr. Einzig, who has been quick and frank to change his opinion when altered conditions justified it, nevertheless, staunchly adheres to his views on this question.

"I am still convinced that in the long run the price of gold will rise," he writes, "and will be fixed well above the present figure; this in spite of the fact that in the meantime it has become fashionable to forecast a substantial reduction in the price of gold."

Fears as to a reduction in the American buying price for gold and of stabilization of sterling and the dollar below their present gold value are, in the opinion of this economist, unfounded.

The gold scare of last spring and summer was founded, he believes, only on surface facts. The basic factor of the situation is the urgent desire to re-arm irrespective of cost. Owing to this, the price of gold can move only in an upward direction.

* * *

*Justifies Market Strength*

The inevitable rise in gold prices may not take place in the next year or two, Dr. Einzig states, but "may be considered a certainty within the next decade or two."

Dr. Einzig's book is just off the press. Its broad conclusions as to the long-term upward trend in gold prices are extremely interesting in view of the strength which the senior gold stocks have shown in the face of a generally declining market.

* * *

*Checking Up the Laggards*

The Toronto Stock Exchange is "getting after" those companies, chiefly among the listed mines, which have been backward about publishing annual financial statements or progress reports. The move will be welcomed by everyone, with the exception perhaps of the mines involved.

It has been the habit of a few listed concerns to comply with the law by holding an annual meeting in some remote centre, perhaps up north, and saying little or nothing of what transpires. These meetings are not attended by a representative group of shareholders. The Financial Post understands that in the past, nearly 25 concerns, most of them mining companies, have failed to supply sufficient information to their shareholders or general public.

Under the new Exchange regulations, every company which does not forward annually a financial statement to the Exchange will be threatened with de-listing.

Any move, and this appears to be such a one, which tends to present greater information to the public is obviously a move in the right direction.

* * *

*Reno Comes Through*

Reno Gold Mines, contrary to the expectations of some, has declared its regular quarterly dividend of three cents per share payable in January next.

Doubt as to Reno's ability to continue this three-cent dividend arose partly from the narrow margin of profit over dividends paid in other years and partly to the fact that a lower grade of ore has been handled in recent months.

The facts are that in making the regular payment at this time Reno is not jeopardizing its position in any way. At the end of the fiscal year ended June 30, working capital stood at over $360,000, as compared with about $170,000 at the end of the previous year. Earnings of 14 cents per share allowed for payment of 12 cents in dividends per share without touching the company's reserves.

Similarly, the lower grade of ore handled in the past few months is not necessarily indicative of the regular grade to be handled, as the company is continuing to open up new sections.

Reno's monthly production this year has varied from $75,250 in January to $60,996 in October.

* * *

*Index to Mining Stocks*

Prices of mining issues moved irregularly on comparatively light trading on Canadian markets and the general index of 24 mining stocks ended the week of Nov. 18 with a net loss of 1.1 points at 129.3. Under the leadership of the seniors, some mid-week improvement was shown in the gold section when the gold average on the Dominion Bureau of Statistics' index rose from 111.6 on Nov. 13 to 114.3 on Nov. 16, but later receded a full point. Starting fairly strong, base metals subsequently displayed weakness, the index declining from 205.6 on Nov. 12 to 194.5 on Nov. 18. However, the weekly figure for the base metals advanced from 191.3 for the week of Nov. 11 to 200.5 for the following week, while the gold index fell from 115.6 to 113.2 for the same period.

*Published by the Macmillan Co. of Canada, Toronto.

# Madsen Plans 300-Ton Mill

### Company Reports Funds Sufficient to Put Up Unit

Madsen Red Lake Gold Mines will take in equipment during the winter with the object of completing a 300-ton mill at its property by July, 1938, The Financial Post is informed by Joseph McDonough, president. Construction of the unit is based upon the engineer's estimate of 321,000 tons of ore grading $6.22. This estimate is based upon developed sections on the first and second levels, and the assumption that the ore sections are continuous from the second to the first level and to a height of 150 feet above the first level.

The above calculation allows for 20% dilution in mining. All high erratic values have been reduced. It does not allow for any ore tonnage below the second level nor for possible lateral continuation. Funds at Madsen's disposal, concludes Mr. McDonough, are sufficient to carry the above programme to completion.

### Lapa Cadillac's Grade Above Early Estimate

Preliminary estimates of the average grade of Lapa Cadillac's various ore bodies may reasonably be revised upward since visible gold recurs frequently in development faces, reports Denison Denny, resident engineer. Raise No. 202 has been put up from the 290-ft. level through the A zone, with visible gold showing frequently in the faces. It is now thought that this zone will grade $9 per ton on the average, instead of the first estimate of $5 per ton.

As this ore body has proved continuous to the deepest level and contains about 15,000 tons per level or 60,000 tons to the present bottom level, raising of the average grade by $4 per ton is of considerable importance. Diamond drill hole projected to intersect the high grade B zone footwall about 200 ft. below the 540-ft. level cut the high grade where expected, giving this ore body a proved continuous depth of over 700 ft. Core assays are now being made.

## News Concentrates

**Alexandria Mining Co.** holding property at Phillips Arm, B. C., has completed financial arrangements with Toronto interests under which it will resume operations. Development at the holdings, about 150 miles north of Vancouver, has been carried out by five tunnels, from three to 425 ft. above sea level. A two-compartment shaft has been sunk from lowest tunnel to approximate depth of 275 ft. below sea level and lateral work done at 100-, 200- and 250-ft. levels. Hoisting equipment is capable of carrying mine workings to 1,000 ft. Below No. 1 tunnel, ore body 170 ft. long has been drifted on west of the shaft, width running 6 ft. and assay $20.32 per ton.

* * *

**Kirmaque Gold Mines** holding 960 acres in Bourlamaque twp., Quebec, has entered into a financing agreement calling for purchase of 2,000,000 shares of capital stock at graduated upward prices, reports W. H. Christie, president. First payment has been received. Subsequent installments are payable monthly. Total option when completed will net treasury $760,000. Survey crews are at work on property, where aggressive development work will start immediately.

* * *

**East Malartic** shareholders have approved increase in authorized capital stock from $3 millions to $4 millions.

* * *

**Lardego Gold Mines** plans 4,000 ft. of drilling on the claims adjoining the west boundary of Omega Gold. R. V. Darling, consultant, feels that chances of finding ore on these claims are good. In previous drilling at the Larder Lake property no high values were disclosed, though none of the holes returned blanks.

* * *

**MacFarlane Long Lac Gold Mines** reports that shaft is now down to 128 feet, the first station being cut at the 134-foot level. Ore zone, giving promising indications, management reports, is eight feet wide in the shaft at present level.

* * *

**Orelia Mines** is installing a milling unit at Rainy River property to treat average of 50 tons of tailings daily. After allowing for all charges, G. R. McLaren, M.E., expects profit of about $2.70 per ton from this operation. Taken from tailings dump, 65 representative samples returned average value of $5.83 per ton (gold at $35). Orelia has acquired adjoining group of five patented claims known as Seine River group, giving property a combined acreage of 397 acres in solid block.

* * *

**Payore Gold Mines** is advised by L. W. MacKenzie, mine manager, that a new vein, No. 109, has been opened at the property south from No. 106 west. Vein is on an angle of 35 degrees, the fifth round returning $47 across three feet and sixth round $170 across three feet, no visible gold showing.

* * *

**Shenango Gold** is advised by mine manager that new vein 18 in. wide on surface has been located at the Oba property in Algoma district. Diamond drill hole sunk to incline depth of 315 ft. returned values from trace to $8.75. Four other veins have been found and explored, a shaft having been sunk on the high grade P. 1 vein, where a level is being opened at 50 ft.

* * *

**Silver Valley Mines** in Temiskaming district, reports that development of the No. 104 stope on the second level from shaft No. 3 has exposed a further 30 ft. of massive silver-cobalt ore. Ends, which are being pushed further, are said to be still in ore. To establish extent of ore section additional drills are being used. Property has been developed by four shafts with aggregate depth of 600 ft.

* * *

**Siscoe Gold Mines** has declared extra dividend of one cent per share along with regular payments of five cents per share payable Dec. 15 to shareholders of record Nov. 30, 1937. Last previous extra payment was made March 15, 1937 for similar amount.

* * *

**Upper Seine Gold Mines** has completed No. 1 drill hole, going down on "Reef structure" at its property in Kenora district. This was spotted to cut reef shearing at depth of 100 ft. "Geology and mineralization revealed by the hole was considerably better than I expected," reports W. N. McClintock, engineer in charge. While drilling is in progress on the Reef, underground workings on the original Sawbill vein will be dewatered before drifts on the 240-ft. level are extended to open ore shoots revealed in surface work.

* * *

**Wesley Gold Mines** will sink a deep hole under intersection in No. 6 hole on its property east of Kerr-Addison in Larder Lake area. No. 6 hole, drilled north to 681 ft., returned assays of $7.70 over 2.7 ft. and $38.85 over 2½ ft., which on check gave $4.55. Another section returned $5.95 over three feet. Deep hole will allow for a dip to the south and will be put down to cut section which was missed in previous drilling.

* * *

**Westwood Cadillac Mines** Now has equipment for shaft sinking and underground work en route to its property in Bousquet twp., Quebec. Company has completed construction of buildings to house mining plant and will sink prospect shaft to 200 ft., at which level crosscutting will be carried out to explore a drill intersection showing visible gold in the core. A strong break was indicated and widths of approximately 30 ft. shown in surface trenches.

* * *

**Williamson Mines** has appointed Ben Short superintendent of operations on its option property in Champagne twp., sudbury mining district. Mr. Short will take over further development work under general supervision of H. B. Hatch, consultant. Further exploration of Williamson's No. 10 vein, which returned high values, is recommended by Mr. Hatch.

# Beresford Lake Leases Property

### Company to Set Percentage From Salvage Operation

From Our Own Correspondent

WINNIPEG.—While eastern interests, H. R. Bain & Co., which has been developing Beresford Lake Mines, formerly known as the Oro Grande, has withdrawn from the property, a considerable amount of work is now planned.

Beresford Lake Mines has leased the property to J. D. Shannon and associates who plan to take out a body of ore exposed on the two upper levels, which did not appear in the two lower levels. Much of the ore shown in the shaft is of commercial value and the plan is to take out all this ore, which while not of mine dimensions, makes a nice salvage proposition.

Two plans are being worked out. The first is to truck the ore to the Central Manitoba mill, six miles distant over a good road and treat it in the at present idle cyanide plant. The second is to install a flotation unit and use the crushing plant and amalgam plant already at Oro Grande. Oro Grande, or Beresford Lake has ample steam power available with fuel already on the ground. The first plan will be adopted if arrangements can be made for power satisfactory to Shannon and his associates.

Beresford Lake Mines receives a percentage of the gross, clear of all liabilities and included in the contract is a drilling programme on another part of the property which has only been surface prospected.

# Radium Plant Nearly Ready

### Eldorado Expects to Transfer Operations in Few Weeks

The new $150,000 construction programme at the Port Hope, Ont., refinery of Eldorado Gold Mines is nearing completion, and official expectations are that operations will shift over to the new plant about Dec. 1. It is hoped to bring the production rate of the new refinery up to that of the present one by the end of the year, after which the rate will be stepped up gradually, officials of the company state. The ultimate capacity of the new plant is triple that of the old facilities. At Port Hope, radium and uranium products, including lead and some silver, are also produced. Most of the company's silver, in the form of a copper-silver concentrate, is shipped to a Pacific Coast smelter.

Eldorado has its new shaft at the Bonanza property at 25 feet, with some silver showings already encountered, officials state. The Bonanza property is located at Dowdell Point, seven miles southwest of the main silver-radium workings at LaBine Point, on Great Bear Lake.

# Turner Gas Conservation Hailed As Economy Move

From Our Own Correspondent

CALGARY.—Plans are under way, and have been drawn up by the Petroleum Producers Association, to halt the waste of more than 200 million cubic feet of gas which has been burned daily in Turner Valley for more than 10 years.

The plan is to close down approximately 75 naphtha wells which are wasting 74% of the gas produced in the valley and allow 100% compensation to the companies owning the wells for the loss of revenue.

This compensation, it is proposed, would be paid by the crude producers, who would benefit by virtue of an assurance that gas for crude wells would not be drained from the crude oil territory by small naphtha producers and by the gas company which would benefit by the assurance that Turner Valley would have a much longer life if gas wastage were halted. The company would therefore be assured of a gas supply for the citizens of Calgary for many years to come.

Hon. N. E. Tanner, Alberta minister of lands and mines, has had several discussions with officials of the Petroleum Producers Association. The Provincial Government, crude producers, naphtha producers, the Calgary Gas Co., and other interests involved are being asked to cooperate in the plan.

# English View Favors Golds

### See Senior Canadian Mines as Likely Looking Investments

In a market commentary appearing in the issue of Nov. 3, The Financial Times, probably the most influential financial paper in England, concludes that "all things being equal we cannot but conclude that investments in a first-class Canadian gold producing mine is one which will not only bring a substantial revenue but will also appreciate."

This opinion is expressed after analyzing the position of some of the senior gold stocks.

"During the past few weeks," the article states, "there has been heavy buying of McIntyre Porcupine, Kirkland Lake, Lake Shore and Dome Mines in New York. Now, we hear, with Wall Street giving the lead, London is likely to follow."

The writer recalls that similar movement occurred a decade ago, when International Nickel stock was dealt in extensively on Canadian markets but was little known outside the Dominion. Wall Street "discovered" nickel and the shares of this concern soon ranked with Brazilian Traction as being the leading interlisted stocks. London interest followed.

**Prejudice of Experience**

"Remembering this, it is not unlikely that enthusiasm may be awakened in the city for Dome, Kirkland Lake, and the rest of the outstanding gold producers of Canada.

"Even an ardent admirer of Canada and a firm believer in Canadian mining is forced to admit that there is a serious obstacle to overcome. Prejudice born of actual experience of misfortune is not easy to combat.

"Nevertheless, those interested in Canadian mining are hopeful. They point to the excellent records of such companies as we have mentioned. More, they believe that, with gold firmly entrenched as the monetary unit and talk of further devaluation of the United States dollar, there is little likelihood of Canadian gold mining shares being written down, but that there is every probability that they will be written up."

The writer suggests that one of the reasons why Canadian mines have not been more popular as compared with those of South Africa, is because South African stocks have an advantage by being quoted in sterling.

"It is widely considered that Canadian mining companies are in quite as favorable a position as those in South Africa as regards production costs. Whereas the latter have the advantage of cheap labor, the Canadain concerns have a very substantial benefit of cheap electric power."

### Stadacona Rouyn Mines Exceeds Estimated Output

From Our Own Correspondent

MONTREAL.—Production returns of Stadacona Rouyn Mines to Nov. 12 show an average of $39,100 a month since the first brick was poured Dec. 4, 1936, or a total to date of $440,000.

Earlier estimates of $500,000 production for the period ending Dec. 31, 1937, will be exceeded.

The mill is now treating in excess of 300 tons of ore daily with development rock still being used to a great extent.

The sinking of the shaft from the 600- to the 900-foot level will be completed and the shaft timbered before the end of the present month.

# Mining Group To Reorganize

### Northern Canada Mining Corp. Assets $1.9 Million

The position of Northern Canada Mining Corp. improved during the financial year ended Sept. 30, 1937, says V. H. Emery, managing director, in presenting the annual report. At the end of the period, net assets, including shares in other companies at market value, totalled $2,484,495, equal to 99.5 cents per share.

Shareholders will be asked at a special meeting to be held Dec. 1, in Toronto to consider formation of a new company, with authorized capital of 1.5 million no par value shares, to acquire the assets and liabilities of the present company, except for one million shares of Kirkland Lake Gold Mining Co. Ltd. The present company will receive one million shares in the new company.

A by-law authorizing the distribution of one million shares of Kirkland Lake Gold Mining and one million shares in the new company on a pro rata basis among shareholders of the present company will also be presented to the meeting for approval.

Reviewing the properties in which Northern Canada Mining Corp. is interested, Mr. Emery states that it has not been possible to make the progress anticipated at Argosy Gold, largely because it is 100 miles from transportation and without electric power. No decision has yet been reached on the building of a power line, though during the year a power transmission right-of-way was cut from the hydro-electric plant at Ear Falls.

During the summer, 5,458 feet of drilling was done on the Nordarm Long lac Mines property. Some shear zones carrying low values were indicated, but no commercial ore bodies. Claims have all been patented and further drilling will be done this winter from the ice. Further work will be done shortly on Kirkland Basin Gold Mines' holdings. Deep diamond drilling disclosed existence of the favorable condition of banded porphyry and lamprophyre.

Average of the 3,798 feet of drilling done on Casummit-Birch Lake Syndicate did not indicate commercial values. Assessment work has been completed on these claims which, considering favorable geological conditions, are worth further exploration work, Mr. Emery feels.

In 1936 Northern Canada acquired a substantial interest in a 30-claim group at Miminiska Lake, west of Fort Hope. The 1,462 feet of shallow drilling completed here returned spotty values.

Balance sheet at Sept. 30, 1937, showed total assets of $1,978,979, including cash $43,274, accounts receivable $45, notes receivable $25,000, shares in other companies, less reserve, $1,837,910 (market value $2,418,465), exploration and options account, less reserve, $71,861, and office furniture, $888. Liabilities included $2,089 accounts payable and $402,368 reserve account.

**Income and Surplus Account**
**Periods Ended Sept. 30**

| | 12 mos. 1937 $ | 21 mos. 1936 $ |
|---|---|---|
| Net inc., int., divds., etc. | 102,091 | 108,612 |
| Less: Expenses | 30,501 | 32,021 |
| Cash income | 71,590 | 76,592 |
| Add: Profit from sale secs. | 32,780 | 12,721 |
| Net profit | 104,370 | 89,313 |
| Less: Dividends | 100,000 | 50,000 |
| Surplus for period | 4,370 | 39,313 |
| Add: Previous surplus | 84,125 | 44,812 |
| Balance forward | 88,495 | 84,125 |
| **Earns. per Share & Divd. Record:** | | |
| Earned | $0.042 | $0.036 |
| Paid | 0.04 | 0.02 |

## Mining Company Charters

**Aurocap Mining Syndicate**—Ont. incorp. Nov. 2, 1937. H. O., Toronto. Auth. cap. 35,000 shares, $1 par.

**Barhill Mining Syndicate**—Ont. incorp. Nov. 2, 1937. H. O., Toronto. Auth. cap. 35,000 shares, $1 par.

**Cache D'Or Gold Mines** — Ont. incorp. Oct. 26, 1937. H. O., Toronto. Auth. cap. 3,000,000 shares, $1 par.

**Consolidated Quebec Mines**—Que. incorp. Oct. 18, 1937. H. O., Launay, Abitibi dist., Quebec. Auth. cap. 3,000,000 shares, $1 par.

**Eugene Gold Mining Syndicate**—Ont. incorp. Nov. 3, 1937. H. O., Cooper, Ont. Auth. cap. 35,000 shares, $1 par.

**Farrar Quebec Mines**—Que. incorp. Oct. 19, 1937. H. O., Montreal. Auth. cap. 20,000 shares, $1 par.

**Golden Gate Zeballos Mines**—B. C. incorp. Nov. 4, 1937. H. O., Vancouver, B.C. Auth. cap 100,000 shares, n.p.v.

**Hudson Bay Exploration & Development**—Dom. incorp. Oct. 25, 1937. H. O., Winnipeg. Auth. cap. 1,000 shares, $100 par.

**Lake Dufault Mines**—Que. incorp. Oct. 25, 1937. H. O., Montreal. Auth. cap. 3,000,000 shares, $1 par.

**Mineral Recoveries**—B. C. incorp. Nov. 6, 1937. H. O., Vancouver, B.C. Auth. cap. 1,000 shares, $100 par.

**Radisson Gold Mines**—Que. incorp. Oct. 19, 1937. H. O., Arntfield, Que. Auth. cap. 2,000,000 shares, $1 par.

**Richmix Clays**—B. C. incorp. Nov. 3, 1937. H. O., Vancouver, B.C. Auth. cap. 500 pref. shares, $100 par; 10,000 common shares, $10 par.

**Quin Kola Gold Mines** — Has appointed M. L. Ryan, president, liquidator for purpose of winding it up, as approved by special resolution of shareholders, Nov. 3, 1937. Company is an Alberta incorporation.

**SURRENDER OF CHARTER**

**Conneil Anthracite Mining**—As at Nov. 10, 1937, will apply to the Lieutenant-Governor of Ontario for an order allowing it to surrender its charter.

**Harlake Gold Mines**—Has surrendered its charter and by order of the Ontario Provincial Secretary will be dissolved as and from Nov. 22, 1937.

**Ixion Mines**—At Nov. 9, 1937, will apply to the Lieutenant-Governor of Ontario for order accepting surrender of its charter and dissolving the corporation.

**Mitchell Mines**—As of Nov. 9, 1937, is applying to the Lieutenant-Governor of Ontario for acceptance of the surrender of its charter.

**Northfield Mining Corp.**—As at Nov. 9, 1937, will apply to the Lieutenant-Governor of Ontario for acceptance of the surrender of its charter.

**CHANGE OF NAME**

**Northern Quebec Consolidated Gold**—By Quebec supplementary letters patent, Nov. 2, 1937, has changed its name to United Metals Ltd.

**St. Lawrence Metals**—By Quebec supplementary letters patent, Oct. 28, 1937, has changed its name to St. Lawrence Mining Corp.

**Capital Increase**

**Majestic Mines**—Has increased its capital stock as at Oct. 6, 1937, from 5,000 7% cumulative redeemable pref. shares, $50 par, and 7,500 common shares, n.p.v., to 5,000 cumulative redeemable pref. shares, $50 par, and 20,000 common shares, n.p.v., such increase to consist of 12,500 new common shares, n.p.v.

**WINDING UP NOTICE**

**Fairview Empire Gold Mines**—Incorporated in B. C., resolved to wind up voluntarily at Oct. 21, 1937. Liquidator is Walter Harold Smith, 342 Pender St. W., Vancouver, B.C.

**Millerett Silver Mining** — By resolution dated Nov. 3, 1937, has wound up voluntarily, appointing H. A. Green, of Ottawa, liquidator, for the purpose of such winding up.

## Mining Options

**Normetal Mines**—Has had an additional 118,894 shares taken up at 75 cents per share under agreement Feb. 3, completing underwriting. Of authorized 4,000,000 shares, 3,755,012 shares are outstanding.

**Paulore Gold Mines** — Installment dates under option agreement Nov. 2, 1936, have been further extended for two months. First installment, covering 50,000 shares at 35 cents per share, is now due Jan. 15, with subsequent installments monthy thereafter.

**Lapa Cadillac Gold**—Has received payment for Nov. 15 installment, covering option on 20,000 shares at 40 cents under agreement Nov. 30, 1936. Balance of agreement covers option on 120,000 shares at 40 cents, with next installment due Dec. 15. Total issued capital is 2,771,765 of an authorized 3,000,000 shares.

# Inter. Pete Income Rises

### Working Capital Increases in Spite of High Dividends

Higher volume of crude oil production resulted in improved net profits for International Petroleum Co. in the year ended June 30, 1937. Net profits were equivalent to $1.81 a share compared with $1.65 a share in the preceding fiscal period.

Payment of dividends at the rate of $2.50 a share resulted in a deficit of $10 millions in the year ended June 30, 1937, against a deficit of $12.9 millions in the preceding period. A corresponding reduction in surplus carried forward brought this item to $41.7 millions.

In spite of payment of dividends substantially in excess of the year's profits, working capital of $56.1 millions at June 30, 1937, is $569,048 higher than a year earlier. The reason for this is seen by a glance at the fixed assets of the company. Although having a book value of over $156 millions, depreciation and depletion have been charged until only $51 millions is included among the company's assets on the balance sheet.

Current assets of $62.3 millions also do not include investments valued at $39.5 millions of which shares are carried on the balance sheet at $18.5 millions with a market value of $24.6 millions.

**Production Higher**

Combined production of crude oil and natural gasoline from the fields in Peru and Colombia were two million barrels higher than in the previous year, the average increase being 5,741 barrels a day. Crude oil produced totalled 34.5 million barrels and absorption plants recovered 1.8 million barrels of natural gasoline. The company's refineries used 8,435,887 barrels compared with 7,810,362 barrels, a daily increase of 1,772 barrels.

Drilling of new wells has been increased and preparations are under way for a more extensive drilling programme in the current year.

Two additional concessions were obtained during the year, an interest being acquired in 80,000 acres in Colombia and a concession of 500,000 acres obtained in Ecuador. Exploration is to be done on each concession in the coming year.

Regarding sales, G. H. Smith, president, states that the company satisfactorily maintained its position in the markets of South and Central America, the West Indies, North America and Europe. Outlet for Colombian crude will be increased about 5,000 barrels daily when extensions to the Andian National Corp.'s pipeline are completed. It is expected that full line capacity will be utilized in 1938.

**Sales Higher**

Sales in Colombia increased 36.61% and in Peru 15.03% in volume, reflecting continued improvement in economic conditions in the two countries. Additions have been made to the company's transport facilities on the Magdalena River where a 74.55% increase was noted in bulk petroleum products transported.

The company's annual meeting is being held at the head office in Sarnia, Ont., on Dec. 7. A review of

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the income and surplus accounts follows:

**Income and Surplus Account**
**Years Ended June 30**

| | 1937 $ | 1936 $ |
|---|---|---|
| Operating profit* | 31,081,066 | 27,260,594 |
| Less: Exec. salaries & legal fees | 320,691 | 299,760 |
| Deprec. & deplet. | 4,970,961 | 4,531,700 |
| Amortization | 2,518,291 | 2,395,354 |
| Net oper. profit | 23,271,723 | 20,033,780 |
| Add: Int. & divds. rec. | 3,115,615 | 2,491,853 |
| Prof. on sale of secs. | 226,207 | 1,814,500 |
| Less: Minority int. | 297,457 | 316,376 |
| Net profit | 26,316,088 | 24,023,757 |
| Less Dividends: | | |
| Preferred | 500,492 | 496,404 |
| Common | 35,845,424 | 35,552,688 |
| Deficit | 10,029,827 | 12,925,335 |
| Add: Prev. surp. | 51,698,486 | 56,672,800 |
| Prev. surp. trans. back | ...... | 4,867,863 |
| Less: Inc. & cap. tax** | ...... | 816,642 |
| Surplus forward | 41,668,659 | 51,698,486 |

*After all producing, refining, and distributing expenses, and income taxes amounting to $3,415,818 in 1937, and $2,374,446 in 1936.

**To the government of a South American country in respect to earnings of a prior year.

**Working Capital**

| | 1937 $ | 1936 $ |
|---|---|---|
| Current assets | 62,341,550 | 61,868,350 |
| Current liabilities | 6,224,188 | 4,425,438 |
| Working capital | 56,117,362 | 55,548,314 |
| Ratio | 10.02—1 | 10.61—1 |

## Mining Dividends

| | Rate | Close Nov. 22 | Yield % |
|---|---|---|---|
| Anglo-Huronian | 20c | 3.60 | ... |
| Beattie Gold | 5c | 1.28 | ... |
| Bralorne | 40c+35c | 7.85 | *9.5 |
| Buff. Ankerite | 30c+22½c | 11.25 | *6.4 |
| Bulolo Gold | $3 | 26.00 | 11.5 |
| Can. Malartic | †5c | .90 | ... |
| Cariboo | 10c | 1.60 | 6.2 |
| Central Patricia | 12c | 2.33 | ... |
| Coniagas | 12½c | 2.00 | ... |
| Coniaurum | 10c | 130 | 7.7 |
| Cons. Smelters | 50c+$1 | 48.50 | *3.1 |
| Dome Mines | * $4 | 47.75 | 8.4 |
| Falconbridge | 30c | 5.00 | 6 |
| Gunnar Gold | †3c | .80 | ... |
| Hollinger | 65c+35c | 12.00 | *8.3 |
| Howey Gold | 4c | .29 | ... |
| Hudson Bay | $1.75 | 18.50 | ... |
| Inter. Mining | 45c | 8.25 | ... |
| Inter. Nickel, com | $2+25c | 37.75 | *5.9 |
| Island Mountain | 5c | .65 | ... |
| Kerr Lake | 5c | .25 | ... |
| Kirk. Lake | 9c | 1.10 | ... |
| Lake Shore | $4+$2 | 51.50 | *11.6 |
| Lava Cap. M. | 15c | .95 | ... |
| Little Long Lac | 40c | 4.75 | 8.4 |
| Macassa | 20c | 4.80 | 4.2 |
| McIntyre | $2 | 36.50 | 5.5 |
| McKenzie Red Lake | 9c | 1.05 | ... |
| McKinley Sec. | 5c+2½c | .60 | ... |
| Noranda | ‡$1.75 | 44.63 | ... |
| Nor. Can. Mining | 6c | .64 | ... |
| Nipissing | 37c | 1.80 | ... |
| Placer Develop. | $1.20 | 15.75 | 7.6 |
| Premier | 12c+4c | 2.00 | *8 |
| Pioneer, B.C. | 40c | 3.10 | 12.9 |
| Pickle Crow | 40c | 5.25 | 7.6 |
| Reno | 12c | .65 | ... |
| San Antonio | 14c | 1.36 | ... |
| Sheep Creek | 8c+2c | .90 | *11.1 |
| Siscoe | 20c+2c | 3.30 | *6.6 |
| Sudbury Basin | 10c | 2.50 | ... |
| Sullivan Cons. | 5c | 1.00 | 5 |
| Teck-Hughes | 40c+10c | 5.10 | *9.8 |
| Toburn | 8c+1c | 2.10 | *4.3 |
| Ventures | 25c | 4.90 | ... |
| Wright-Harg. | 40c+30c | 7.60 | *9.2 |
| Yankee Girl | 1c | .22½ | ... |

‡Interim. †Initial.
*Yield includes bonus.

### Riordon Pulp and Paper Calls Sinking Fund Bonds

From Our Own Correspondent

MONTREAL.—Riordon Pulp and Paper Co. has called for redemption $59,000 of its 6% first mortgage bonds. These bonds, which are for sinking fund account, will be redeemed Dec. 31.

With the redemption of these bonds, Riordon will have outstanding $339,000 as compared with the original issue of $750,000 made in June, 1912.

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# Ontario Gold Output Swelled by New Mines

## First 9 Mos. Production Increases Nearly $7 Millions Over 1936 Production

Value of Ontario's gold production for the first nine months of this year was $67,063,860, as compared with 60,827,327 in the first nine months of 1936, figures just released by the Ontario Department of Mines show.

The list of producers has been considerably augmented this year, and analysis of the government figures indicates that increased production has come more from these new mines than from increase in the grade at the established producers

Few startling grade increases are noticeable, although, as will be seen from the following compilation, prepared by The Financial Post from government figures, many of the more senior properties have in the past few months increased their mill capacity.

The tabulation of producers, grouped according to the districts, follows:

### Porcupine

**Buffalo Ankerite**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 721,563 | 665,696 |
| Tons milled .......... | 89,840 | 83,141 |
| Recovery per ton ....$ | 8.03 | 8.01 |
| Tons daily ............ | 977 | 914 |

Despite higher tonnage treated, Buffalo Ankerite has maintained its grade and in the same period, lowered its cost per ton from $3.97 per ton to $3.89 per ton in the third quarter.

**Coniaurum**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 482,744 | 353,119 |
| Tons milled .......... | 43,115 | 50,305 |
| Recovery per ton ....$ | 11.19 | 7.02 |
| Tons daily ............ | 469 | 553 |

An excellent increase in recovery per ton is shown in the third quarter by Coniaurum, which boosted total recovery despite a decrease in the tonnage milled. The company is now bringing the capacity of the mill up to 600 tons per day, this increase probably taking effect in the final quarter of the year.

**Dome**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 1,876,450 | 1,858,672 |
| Tons milled .......... | 142,500 | 146,200 |
| Recovery per ton ....$ | 13.17 | 12.71 |
| Tons daily ............ | 1,549 | 1,607 |

**Gillies Lake Porcupine**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 23,687 | 30,433 |
| Tons milled .......... | 6,088 | 5,465 |
| Recovery per ton ....$ | 3.89 | 5.56 |
| Tons daily ............ | 66 | 61 |

**Hollinger**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 3,751,738 | 3,682,539 |
| Tons milled .......... | 432,587 | 420,099 |
| Recovery per ton ....$ | 8.67 | 8.77 |
| Tons daily ............ | 4,702 | 4,617 |

**Hollinger (Hislop)**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 95,167 | 81,522 |
| Tons milled .......... | 7,963 | 7,742 |
| Recovery per ton ....$ | 11.92 | 10.53 |
| Tons daily ............ | 87 | 85 |

This subsidiary operation of Hollinger, known as the Ross mine, started up its new mill in April of this year, previous production having been carried out from an outside mill.

**Mace (Vipond)**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 78,979 | 111,065 |
| Tons milled .......... | 29,576 | 16,454 |
| Recovery per ton ....$ | 2.67 | 6.75 |
| Tons daily ............ | 321 | 181 |

**McIntyre Porcupine**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 2,056,386 | 1,983,638 |
| Tons milled .......... | 217,700 | 217,400 |
| Recovery per ton ....$ | 9.45 | 9.14 |
| Tons daily ............ | 2,366 | 2,389 |

**Pamour Porcupine**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 574,305 | 490,718 |
| Tons milled .......... | 72,200 | 67,433 |
| Recovery per ton ....$ | 7.95 | 7.28 |
| Tons daily ............ | 785 | 741 |

**Paymaster**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 318,601 | 314,491 |
| Tons milled .......... | 39,567 | 40,695 |
| Recovery per ton ....$ | 8.05 | 7.73 |
| Tons daily ............ | 430 | 447 |

Paymaster has been increasing its mill rate this year, and the company is also undertaking a programme of depth development

### Kirkland Lake

**Bidgood Kirkland**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 109,039 | 99,183 |
| Tons milled .......... | 11,403 | 10,915 |
| Recovery per ton ....$ | 9.56 | 9.09 |
| Tons daily ............ | 124 | 120 |

**Kirkland Lake Gold**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 304,242 | 306,339 |
| Tons milled .......... | 21,111 | 20,486 |
| Recovery per ton ....$ | 14.41 | 14.95 |
| Tons daily ............ | 229 | 225 |

**Lake Shore**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 3,627,585 | 3,996,820 |
| Tons milled .......... | 228,978 | 226,522 |
| Recovery per ton ....$ | 15.84 | 17.64 |
| Tons daily ............ | 2,489 | 2,489 |

**Macassa**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 400,102 | 358,784 |
| Tons milled .......... | 24,489 | 23,149 |
| Recovery per ton ....$ | 16.34 | 15.50 |
| Tons daily ............ | 266 | 254 |

Macassa is another producer which has been increasing its mill capacity as a result of improved conditions underground. Present rate of the mill is around 300 tons per day.

**Morris Kirkland**

| | | 9 Months |
|---|---|---|
| Total recovery ......$ | 54,400 | 46,676 |
| Tons milled .......... | 9,314 | 8,549 |
| Recovery per ton ....$ | 5.84 | 5.45 |
| Tons daily ............ | 101 | 93 |

**Omega**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 201,678 | 155,963 |
| Tons milled .......... | 41,298 | 35,117 |
| Recovery per ton ....$ | 4.88 | 4.44 |
| Tons daily ............ | 449 | 386 |

It is expected Omega will be treating close to 500 tons daily before the end of the year, as the result of new equipment. The comparatively slight increase in recovery per ton looms more important in a mine of this grade than in a higher grade operation.

**Sylvanite**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 550,187 | 552,356 |
| Tons milled .......... | 43,371 | 43,016 |
| Recovery per ton ....$ | 12.69 | 12.84 |
| Tons daily ............ | 471 | 473 |

**Delnite**

| | 4 Months 1937 |
|---|---|
| Total recovery ..................$ | 101,462 |
| Tons milled ...................... | 19,744 |
| Recovery per ton ..............$ | 5.14 |
| Tons daily ........................ | .. |

Delnite, subsidiary of Sylvanite, started production in June of this year. The grade in the four months figures above, therefore, reflects the initial tuning up period of the mill. The mill is now operating at about 210 tons per day.

**Teck Hughes**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 1,073,944 | 1,155,306 |
| Tons milled .......... | 116,628 | 103,959 |
| Recovery per ton ....$ | 9.50 | 11.12 |
| Tons daily ............ | 1,256 | 1,141 |

Teck-Hughes treats some tailings during the summer open season, which partly accounts for drop in grade during those months. In the nine months ended Sept. 30, this company treated 33,220 tons of tailings, reflected in the above figures.

**Toburn**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 246,000 | 233,785 |
| Tons milled .......... | 8,960 | 8,670 |
| Recovery per ton ....$ | 27.46 | 26.96 |
| Tons daily ............ | 97 | 95 |

**Wright Hargreaves**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 2,027,606 | 1,942,928 |
| Tons milled .......... | 109,770 | 108,840 |
| Recovery per ton ....$ | 18.47 | 17.85 |
| Tons daily ............ | 1,193 | 1,196 |

To get the real picture at Wright-Hargreaves, it would be necessary to compare above figures with those of a year ago. Considerably higher tonnage is now being treated, although the grade is somewhat below the 1936 average.

### Matachewan

**Matachewan Consol.**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 193,993 | 178,103 |
| Tons milled .......... | 36,152 | 33,029 |
| Recovery per ton ....$ | 5.37 | 5.39 |
| Tons daily ............ | 393 | 363 |

**Young Davidson**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 291,955 | 280,617 |
| Tons milled .......... | 84,739 | 83,598 |
| Recovery per ton ....$ | 3.45 | 3.36 |
| Tons daily ............ | 921 | 919 |

This subsidiary of Hollinger has been probed at depth this year, and grade has generally improved. This operation has been a profitable one for Hollinger.

### Sudbury

**Lebel Oro**

| | 9 Months 1937 |
|---|---|
| Total recovery ..................$ | 102,126 |
| Tons milled ...................... | 15,824 |
| Recovery per ton ..............$ | 6.45 |
| Tons daily ........................ | 88 |

This Long Lake property resumed production on April 3 of this year, and average daily tonnage has been worked out on that basis.

### Algoma

**Darwin**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 52,934 | 76,313 |
| Tons milled .......... | 3,794 | 4,095 |
| Recovery per ton ....$ | 13.95 | 18.63 |
| Tons daily ............ | 41 | 45 |

**Parkhill**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 44,589 | 50,837 |
| Tons milled .......... | 6,029 | 6,609 |
| Recovery per ton ....$ | 7.40 | 7.69 |
| Tons daily ............ | 66 | 73 |

### Thunder Bay

**Bankfield**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 158,157 | 65,546 |
| Tons milled .......... | 10,101 | 5,672 |
| Recovery per ton ....$ | 15.66 | 11.55 |
| Tons daily ............ | 109 | 111 |

Bankfield Gold Mines started up its mill on May 10, so that the tuning up period is reflected in the figures above. The improvement in recovery per ton in the third quarter is encouraging.

**Leitch**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 120,877 | 143,026 |
| Tons milled .......... | 6,298 | 5,697 |
| Recovery per ton ....$ | 19.19 | 25.10 |
| Tons daily ............ | 68 | 62 |

Leitch is another new 1937 producer, production having started in January of this year. Recovery per ton in the second quarter is not believed to be indicative of the regular grade of this mine's ore, reserves having been estimated to run around $18.86 per ton, after allowing for dilution. Consideration is being given to bringing the mill rate up to 100 tons per day.

**Little Long Lac**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 391,358 | 391,351 |
| Tons milled .......... | 30,465 | 24,845 |
| Recovery per ton ....$ | 12.85 | 15.75 |
| Tons daily ............ | 331 | 273 |

**Northern Empire**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 183,603 | 185,536 |
| Tons milled .......... | 16,678 | 16,353 |
| Recovery per ton ....$ | 11.01 | 11.34 |
| Tons daily ............ | 181 | 180 |

**Sturgeon River**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 101,479 | 80,419 |
| Tons milled .......... | 5,677 | 5,837 |
| Recovery per ton ....$ | 15.49 | 13.75 |
| Tons daily ............ | 62 | 64 |

Sturgeon River, which was financed by Coniagas and Wood Brown Prospectors (Trust) is another new producer, having started up its mill on April 1, 1937. At the present time the mill is handling about 70 tons per day.

**St. Anthony**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 94,069 | 16,281 |
| Tons milled .......... | 7,910 | 2,258 |
| Recovery per ton ....$ | 11.89 | 7.21 |
| Tons daily ............ | 86 | .. |

Milling operations were resumed at St. Anthony in June of this year, after a suspension from Nov. 30, 1936.

**Tashota**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 13,665 | 10,325 |
| Tons milled .......... | 5,732 | 4,671 |
| Recovery per ton ....$ | 2.38 | 2.21 |
| Tons daily ............ | 62 | 51 |

Tashota suspended milling operations on Sept. 30, due to the fact that earnings were not up to par, as indicated in the above recovery per ton. At the present time a limited amount of development work is being carried out, as the company considers reorganization.

### Kenora & Rainy River

**Wendigo**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 82,654 | 56,281 |
| Tons milled .......... | 5,709 | 5,116 |
| Recovery per ton ....$ | 14.25 | 11.01 |
| Tons daily ............ | 63 | 56 |

### Patricia

**Argosy**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 83,190 | 99,445 |
| Tons milled .......... | 9,615 | 7,136 |
| Recovery per ton ....$ | 8.65 | 13.93 |
| Tons daily ............ | 105 | 78 |

The apparent drop in recovery per ton above is due to the treatment of tailings. Average recovery from mined ore for the period would run closer to $12.15 per ton.

**Central Patricia**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 318,104 | 359,093 |
| Tons milled .......... | 19,036 | 19,773 |
| Recovery per ton ....$ | 16.71 | 18.21 |
| Tons daily ............ | 207 | 217 |

**Howey**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 257,755 | 270,401 |
| Tons milled .......... | 112,182 | 89,869 |
| Recovery per ton ....$ | 2.30 | 3.01 |
| Tons daily ............ | 1,219 | 988 |

**J. M. Consolidated**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 66,282 | 84,419 |
| Tons milled .......... | 6,694 | 7,455 |
| Recovery per ton ....$ | 9.92 | 11.32 |
| Tons daily ............ | 95 | 81 |

**McKenzie Red Lake**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 223,952 | 199,289 |
| Tons milled .......... | 14,745 | 14,641 |
| Recovery per ton ....$ | 15.19 | 13.61 |
| Tons daily ............ | 160 | 161 |

**Pickle Crow**

| | 3rd qu. | 2nd qu |
|---|---|---|
| Total recovery ......$ | 651,561 | 564,006 |
| Tons milled .......... | 27,948 | 26,131 |
| Recovery per ton ....$ | 23.31 | 21.58 |
| Tons daily ............ | 304 | 287 |

**Red Lake Gold**

| | 3rd qu. | 2nd qu. |
|---|---|---|
| Total recovery ......$ | 92,190 | 114,017 |
| Tons milled .......... | 10,000 | 13,195 |
| Recovery per ton ....$ | 9.21 | 8.64 |
| Tons daily ............ | 109 | 145 |

## Cons. Sand Pays $7 Per Share

A dividend of $7 a share has been declared on the preferred stock of Consolidated Sand & Gravel Ltd., payable Dec. 15, 1937, to shareholders of record Dec. 4.

This is the first dividend to be paid since Nov. 15, 1932. At March 31, 1938, the end of the company's fiscal year, the preferred stock will still be in arrears $33 a share.

# Drilling Advised On Rouyn Claims

## Big Four Syndicate Is Formed to Develop Quebec Properties

Big Four Mining Syndicate has been formed to develop four properties in the Rouyn district of northwestern Quebec, in the vicinity of nine producing mines and ten others in various stages of underground development. Upon the first Duprat group of 600 acres three mineralized shear zones have been opened. Main or No. 3 zone has been traced for over 600 ft. in a series of ten trenches. Width ranges from 10 to 150 ft., and assays from 35 cents to $43.05.

Second 600-acre Duprat group adjoins the Waite Amulet and New Ribago properties. Samples taken from a 4-ft. pit assayed 4.1% copper across 20 in. and 5.1% copper over 24 in., vein being traced for 135 ft. John B. DeMille, consulting geologist, recommended that the zone be further explored by diamond drilling.

The 800-acre Destor-Duparquet group, including six claims in Duparquet and eight in Destor townships, adjoins the north boundary of Duquesne Mines. Three mineralized shear zones have undergone preliminary exploration. Drilling programe has been laid out for this property. Duparquet claims have not yet been prospected. Rouyn group of 400 acres, less than a mile south of McWatters and adjoining Adanac Gold, is being intensively prospected. Fifteen fractured blue quartz veins have been explored and two wide shear zones opened. Eight trenches have traced mineralization of the major shear zone for over 400 ft., width ranging from 8 to 20 ft. In a 6-ft. pit at the west end, assays of $2.45, $3.50, and $30.80 have been secured.

## Vidette Closes Mill Seeks New Financing

Vidette Gold Mines Ltd. which is developing a property near Savona, British Columbia, has closed its mill and will push development work with whatever funds can be raised for the purpose. In an official notice to shareholders the management states that since difficulties have come by trying to make mill operations pay exploration, development and mining costs when very little ore was blocked out or developed ahead, it is evident a reopening should start with only a development campaign. The management states that new discoveries this year warrant further financing and development. Although some $300,000 in ore is indicated in recent estimates, further expenditures will be necessary before this ore can be extracted profitably. Directors are now considering ways and means of providing additional funds for development.

# Thomp. Cad. Mill Rate Up

## Quebec Property Shows Loss on Period Under Review

Thompson Cadillac Mining Corp. has a broken ore reserve of approximately 30,410 tons and will continue its policy of intensive development on all levels both easterly and westerly along the ore zone, said Andrew Walz, managing director, in presenting the company's annual report for the 15-month period ended July 31 last. W. H. Miner, president, said that during this time the balance due on machinery and equipment was paid.

The mine manager's report states that to Oct. 31, 1937, total development underground amounted to 12,955 ft., of which 6,498 ft. has been done since June 1, 1936. There is at present a total stoping length of 839 ft. on the 150-ft. level, 576 ft. on the 300-ft. level and 124 ft. on the 600-ft. level opened, with an additional 500 ft. waiting.

Two thousand feet of surface drilling, begun in August, showed consistent results. Eleven stopes supplied mill feed during the period under review. Mill rate has been increased to 200 tons daily.

Since milling began on June 1, 1936, recovery has amounted to $175,711 of bullion and concentrates from 34,579 tons of ore, an average of $5.08 per ton.

**Profit and Loss Account**
**14 Months Ended July 31, 1937**

| | $ |
|---|---|
| Bullion produced .................. | 89,048 |
| Concentrates produced .......... | 86,663 |
| Total value ........................ | 175,711 |
| Less: Marketing exps. ............ | 49,050 |
| Net production .................... | 126,661 |
| Less: Development .............. | 70,390 |
| Mining ........................ | 63,132 |
| Milling ........................ | 51,977 |
| Gen exps. at mine .......... | 30,750 |
| Admin. & gen. exps. .......... | 12,276 |
| Operating loss .................. | 106,864 |
| less: Income and int. rec. ...... | 1,102 |
| Net loss ............................ | 105,762 |
| Earnings per Share: | |
| Common .......................... | d$0.034 |
| No of Shares Outstanding ...... | 3,148,000 |

## Wright-Hargreaves to Pay 10-cent Interim Dividend

Wright-Hargreaves Mines has declared a special interim dividend of 10 cents per share, payable Jan. 15, 1938, to shareholders of record Dec. 1, 1937, announces P. H. Gerhard, secretary.

This special dividend declaration, plus the regular dividend and extra payment of 15 cents per share payable Jan. 3, 1938, make a total disbursement of 25 cents per share, equivalent to $1,375,000, payable to stockholders during the month of January next.

# Sylvanite Profits May Be Larger

## Earnings Expected to Hit 30 Cents Per Share for Year

Development at Sylvanite Gold Mines continues to be satisfactory and mill tonnage will soon be increased from 475 tons to over 500 tons daily, says a statement announcing that the regular quarterly dividend of 5 cents per share (U. S. funds) has been declared payable Dec. 31, 1937, to shareholders of record Nov. 25.

Welles V. Moot, managing director, states that earnings for the first six months of the current fiscal year have run at the rate of about 30 cents per share per annum; it is estimated that for the full year 30 cents per share will be earned, which will be an increase over last year. Delnite Mines, controlled by Sylvanite through its wholly owned subsidiary, Erie Canadian Mines, is milling 210 tons daily. Ore development on the 500-, 625-, 750-, 875- and 1,000-ft. levels gives promise of improving grade and widths.

At Tyranite Mines, similarly controlled by Sylvanite through its subsidiary, exploration work is continuing.

# Gunnar Joins Dividend Payers

## Property in Good Shape Financially and Minewise

Gunnar Gold Mines, Manitoba producer, has declared an initial dividend of three cents per share, payable Dec. 15, 1937, to shareholders of record Dec. 1, 1937. With this declaration, Manitoba now has three dividend-paying mines, two of which are straight gold producers. Gunnar's disbursement will amount to $79,624 on the 2,654,131 shares outstanding.

First dividend paid by a Manitoba mine was late in 1934. Dividends paid by the mines of that province since then, including Gunnar's present declaration, total $11,658,194. Gunnar Gold's financial position has shown steady improvement. Liquid surplus, it is understood, is now about $300,000, and the property minewise is in excellent shape.

**Canadian Mining Exposition**

Consolidated Mining & Smelting Co., Quebec bureau of mines, Dominion department of mines and resources and the C.P.R. are among the interests which have applied for space at the "Canadian Mining Exposition" to be held in the Grand Central Palace, New York, the week of Feb. 14-19, 1938.

# Your Mining Stocks

The Financial Post offers to subscribers a special mail service of information on Canadian mining securities. Letters of general interest will be published anonymously.

The Financial Post undertakes to supply *facts* about mines rather than opinions. We will not select lists of stock for investment nor make forecasts. We cannot answer enquiries by telephone or telegraph.

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### Payore Gold

Is there any chance that Payore Gold Mines will build a mill shortly? I should like your views on this operation from the standpoint of its speculative merits.

Payore Gold Mines, in Siscoe gold area of Quebec, has not yet blocked out sufficient ore to warrant mill construction, and we are not aware that the company has given notice of any such intention. Payore has developed its property on two levels, meeting with considerable encouragement. It is now planned to deepen the shaft to 500 ft. and to install a 25-ton test mill while sinking is in progress. Mill will be used to sample the showings exposed on the first two levels.

Before the erection of a mill is planned, it is probable that work will continue on the 125- and 250-ft. levels until a clearer picture of the ore bodies is obtainable. At March 20, 1937, Payore reported current assets at $104,651 and current liabilities at $7,901. It is understood that options on treasury stock, if fully exercised, will bring about $850,000 into the treasury.

Payore appears to have a chance, although it is still in the development or prospect stage and the stock accordingly speculative.

### Norlake Mining Corp.

I am a shareholder of Norlake Mining Corp. and should appreciate your bringing me up to date on its activities. Why has the stock fallen?

Norlake Mining Corp. holds 31 claims at Lake Doré, adjoining Consolidated Chibougamau, and has under option 15 claims north of Lake Opemiska. Test pits are being sunk on the latter property. Last July Norlake reported that a new company was likely to be formed to finance development. If incorporated, it will be controlled and largely owned by Norlake Mining Corp.

Company's policy is to prove up the Opemiska property and combine this at a later date with work at the Lake Doré holdings. From work so far done at the Lake Opemiska claims it appears that the ore, while high grade, occurs in quite narrow veins. This, of course, makes an expensive mining operation. Briefly, the corporation's holdings are still very much in the prospect stage and the stock is accordingly speculative.

Apart from the general drop in mining in the past six months, the fact that Consolidated Mining & Smelting Co. has stopped work on the Lake Chibougamau holding has affected Norlake

### Macassa Mines

Why does Macassa act so very slowly in increasing the size of its mill? Published reports are most optimistic as to ore developments at depth, yet milling is still at a most modest daily rate.

From an average daily rate in 1936 of 194 tons, Macassa Mines has increased its tonnage until today it is treating almost 300 tons daily. This is a considerable step-up and we cannot agree with you that this company has been slow in increasing its mill capacity.

Working, as they necessarily must, on an ore reserve margin of two or three years, Canadian mines which are well managed do not as a rule suddenly increase their milling rate and thus tie up a considerable amount of their capital in new expenditures. In our opinion Macassa Mines has demonstrated its excellent management by the steady increase in its tonnage to keep pace with the improved outlook underground.

As you doubtless know, Macassa's earnings and dividends are this year on a higher level than last.

### Hollinger

Your comments on the outlook for Hollinger will be appreciated. How does the factor of gold prices enter into the picture?

Hollinger Consolidated Gold Mines has been in production since 1911 Since gold prices rose from the old standard level of $20.67 an ounce the company has been treating larger quantities of ore which would not have been commercial under the old price. Accordingly, recovery in ounces has been lower, but net profit has been maintained and life of the mine immeasurably lengthened.

Hollinger's 1936 earnings of $1.18 should be maintained this year, together with dividend payments of about $1.05. Company, although among the most active in developing outside properties, has always been generous with its dividends. These outside concerns have not contributed largely to earnings as yet, but Hollinger has some fair looking prospects under development.

Ore reserves have been maintained at around 7 million tons, grading about $12 per ton. Working capital at the end of the year stood at about $1.5 millions.

As regards the broader picture of gold prices, while the future still remains uncertain, it is now generally accepted that there is no immediate danger of a lower price than the present $35 per ounce, and accordingly Canadian golds are more or less assured of a stable price for their products.

### Clericy Consolidated

How do you regard the stock of Clericy Consolidated Mines? I have not seen it quoted in your paper for some time now.

Clericy Consolidated Mines is now an exploration and development company, its major interest being in Clerno Mines. Clericy's holdings in this company amount to 500 000 shares. Authorized capitalization of Clericy Consolidated is 3.5 million shares, of which 2,973,338 were outstanding at Aug. 18, 1937. The stock was delisted from the Toronto Stock Exchange March 24 last.

At May 31, 1937, company reported current assets of $3,196, with no liabilities. Clerno has been developing a prospect adjoining McWatters Mines in Rouyn district of Quebec. It is still very much a prospect and requires considerable further work before its merits will be known.


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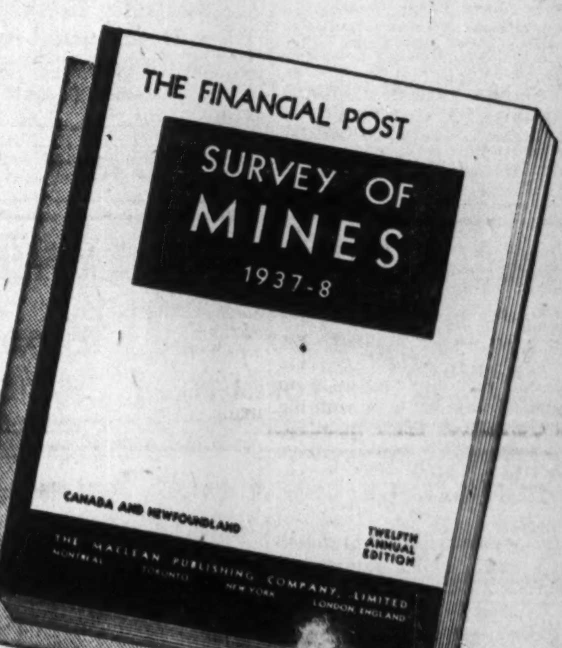


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# Debt Reduction Asked Before Tax Slashing

## Montreal Board of Trade Believes Lowering of Interest Charge Burden Should be First Goal for Canada

From Our Own Correspondent

MONTREAL.—Business organizations are usually expected to agitate for reduction in taxation, but a special committee of the Montreal Board of Trade in a report on Dominion, Provincial and Municipal Finance and Taxation has suggested that if Government revenues rise to a point where surpluses are achieved the opportunity should be seized to decrease debt rather than to decrease taxation.

The conclusion and recommendation of the committee in this regard is as follows: "The current expansion in the volume of business and in the national income is producing an increase in national revenue without an increase in the rates of taxation. This additional revenue is necessary to meet current expenditures, which are now in a large degree fixed or nearly fixed. An immediate reduction in taxation cannot be reasonably expected. Should national revenues continue increasing to a point where surpluses arise, it is recommended that such surpluses be set aside in sinking funds for the purpose of debt redemption in order to effect reduction in the principal of the public debt and thereby to diminish the debt burden."

The report which covers more than 60 pages is the result of a study undertaken in 1935 and covers almost every phase of public finance and taxation in Canada.

**Single Jurisdiction**

Endorsing the Rowell Commission appointment the report says:

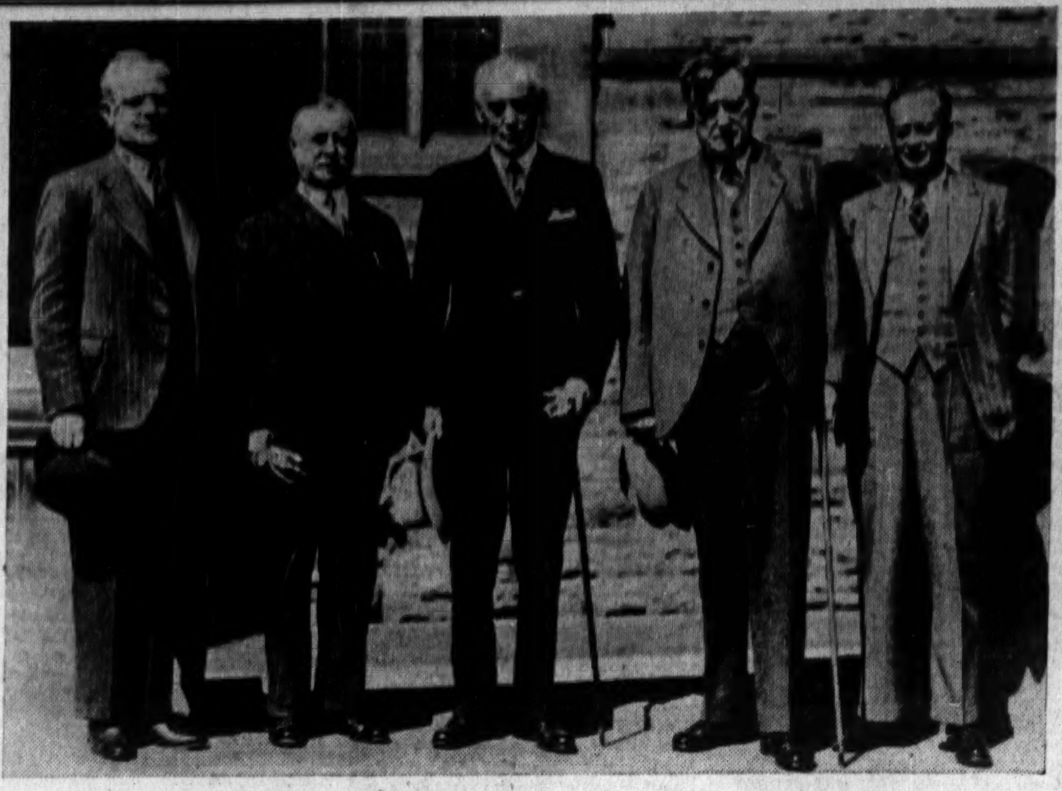
". . . . Judicial decisions have tended to enlarge the constitutional powers and functions of the provinces and to limit those of the Dominion, particularly in the growing field of social services. A single jurisdiction and uniformity of administration in the case of some of these services would be in the best interests of efficiency and sound public finance. This would require a constitutional redistribution of powers between the Dominion and the provinces. In the absence of such a redistribution there will have to be a readjustment of the respective powers of taxation of the two units of government in order that such powers may correspond with their duties and responsibilities.

"The provinces of Ontario and Manitoba have already taken a step in the right direction by arranging for the collection of their income tax by the Dominion. This could be done on a larger scale with a view to greater efficiency and decreasing expenditures. An expansion of provincial powers will lead in the opposite direction."

The committee declares it unsound to continue capitalizing unemployment relief costs which are now of a recurring nature. It is also unsound to continue to capitalize deficits in a period of recovery. Furthermore, the governments of Canada should attempt to clarify their public accounts and adopt bookkeeping practices which make a full disclosure of the facts.

**Municipal Situation**

Unfair distribution of powers and responsibilities between the Dominion and the provinces, it is claimed, has increased the duties and responsibilities of the municipalities without a proportionate increase in the power to raise the revenue necessary to meet the new obligations. It is pointed out that in the city of Montreal these have discouraged new construction and home ownership. If the Dominion and the provinces are not prepared to assume a larger share of social service expenditures now paid by municipalities, then consideration should be given to an equitable distribution between the province of Quebec and the city of Montreal of the proceeds of certain provincial taxes collected in the city, the committee claims.



*TACKLE DOMINION-PROVINCIAL TANGLE*

Members of the Royal Commission appointed to examine the economic and financial basis of Confederation photographed in front of the Ottawa Parliament Buildings. They are (left to right): H. F. Angus, Professor of Economics, University of British Columbia, Vancouver; Hon. Thibaudeau Rinfret (since resigned); Hon. Newton W. Rowell, Chief Justice of Ontario, Toronto, Chairman; John W. Dafoe, President, Winnipeg Free Press, Winnipeg, Man.; R. A. MacKay, Professor of Government at Dalhousie University, Halifax.

# The Probe and the Taxpayer

## Rowell Hearings To Seek Pattern For Governments

By NORMAN A. WHITE
Staff Writer, The Financial Post

Public interest in Canada during the next six months will be centred on the Rowell Commission study of Dominion-Provincial relations.

Public attention will arise not only from the fact that the commission's study is perhaps the most important undertaken in Canada since Confederation, but also from the fact that the commission recommendations will probably have a direct effect on every citizen as a taxpayer.

Throughout the Dominion there is some misunderstanding in regard to the proposed study. In some quarters there is a tendency to regard it as an investigation into "provincial grievances," but as one prominent Canadian has put it, "the commission is not interested in grievances, merely in problems."

Others, and this classification includes Rt. Hon. R. B. Bennett, seem to feel that it is a constitutional enquiry. This also is incorrect. The commission may make certain recommendations which will lead to the revision of the B. N. A. Act, but it is not interested in how that act can be amended.

**Primarily A Financial Study**

Primarily, the study is to be a financial enquiry. It is true that the terms of reference are broad and that the commission is empowered to study almost every phase of government in Canada, if it so desires, but the main purpose of the investigation is to enable all Governments to operate economically, efficiently and independently. It is doubtful whether any Government in Canada can be said to be living up to all three of these principles. It is a well-known fact that the business of government in this country is neither economical nor efficient. As regards independence, it might be pointed out that most municipalities receive assistance from their Provincial Governments and the provinces receive aid in one form or another from the Dominion.

**Terms of Reference**

The terms of reference definitely indicate that the enquiry is principally financial in scope. The commission was instructed in particular:

(1) "To examine the constitutional allocation of revenue sources and government burdens to the Dominion and Provincial Governments, the past results of such allocation and its suitability to present conditions and the conditions which are likely to prevail in the future.

(2) "To investigate the character and amount of taxes collected from the people of Canada, to consider these in the light of legal and constitutional limitations, and of financial and economic conditions, and to determine whether taxation as at present allocated and imposed is as equitable and as efficient as can be devised.

(3) "To examine public expenditures and public debts in general in order to determine whether the present division of the burden of government is equitable, and conducive to efficient administration, and to determine the ability of the Dominion and Provincial Governments to discharge their governmental responsibilities within the framework of the present allocation of public functions and powers, or on the basis of some form of reallocation thereof.

(4) "To investigate Dominion subsidies and grants to the Provincial Governments.

(5) "That the commissioners be instructed to consider and report upon the facts disclosed by their investigations; and to express what in their opinion, subject to the retention of the distribution of legislative powers essential to a proper carrying out of the federal system, in harmony with national needs and the promotion of national unity, what will best effect a balanced relationship between the financial powers and obligations and functions of each governing body, and conduce to a more efficient, independent and economical discharge of governmental responsibilities in Canada.

**An Ideal Pattern**

In short, it is the function of the commission to determine the ideal pattern of government and taxation such as will fit into our federal system of government. While achievement of this objective will probably necessitate revision of the constitution, this is no concern of the commission. When the commission has made its report it will then be up to the Dominion Government to implement the recommendations and Premier Mackenzie King has intimated that he will call a conference of the provinces to consider any amendment that may be necessary.

**To Solve Fiscal Difficulties**

The immediate reason for the commission's study is the financial difficulties of the western provinces, which have been able to meet their obligations in recent years only through assistance from the Dominion Government. But the real cause is more deep-seated. It is generally conceded that the B. N. A. Act is obsolete. The growth of a new conception of a government's social responsibility has created tremendous demands upon the provinces and municipalities. The result has been that taxation on property has become so burdensome that it is no longer desirable to own property and many of the provinces, because of inelasticity of taxation powers, have not been able to meet demands for social services.

Demands on the provinces have caused them to look around for new sources of revenue and as a result there has been built up in Canada an inefficient and uneconomical taxation system involving considerable duplication.

**Relief a National Responsibility**

Under the B. N. A. Act social services are a responsibility of the provinces, which in turn have delegated certain functions to the municipalities. It is certain, however, that representations will be made to the Rowell Commission that certain social service expenditures, such as unemployment relief and old age pensions should be a responsibility of the Dominion. The western provinces have already indicated that they will make such a recommendation and there is not a Provincial Government that has not in recent years suggested that unemployment relief is a national responsibility and the cost of unemployment aid should be borne by the Dominion Government.

**Taxation To Be Studied**

As would be expected the business community of the Dominion is taking a keen interest in the commission. Not only do businessmen see an opportunity to restore the credit of the western provinces and to strengthen the credit of the Dominion, but also a possibility to reduce the cost of government in Canada and to lower taxes.

It is to be expected that studies of such bodies as the Canadian Chamber of Commerce and the Canadian Manufacturers' Association will deal with the subject taxation and overlapping services. If duplication of taxation and of services can be eliminated, then the cost of government can be considerably reduced.

Indications are that business organizations will recommend that there should be greater centralization of tax collection in the hands of the Dominion Government. In this connection it is pointed out that taxpayers are not interested in whom they pay taxes to, but rather in the total amount of taxes they pay. For this reason it will probably be suggested that collection of the personal income tax and of corporation taxes should be concentrated in the hands of the Dominion Government, although some of the provinces are sure to oppose such a move.

Most students of public finance are convinced that by a revision of taxation methods, and elimination of overlapping, there will be a large saving both to governments and taxpayers. At the present time the taxation base in every province is different and companies operating throughout the entire country have to make nine different provincial returns and another one to the Dominion. If some method can be found to centralize collection in the hands of the Dominion and still ensure the provinces their just due, collection costs would drop sharply.

As regards services, it will be pointed out that wherever there is overlapping these should either be co-ordinated into one federal department or placed under provincial jurisdiction only. At present this overlapping occurs in practically all branches of government activity and particularly so in the administration of agriculture, Companies' Act, insurance, tax collecting bodies, statistics and publications, tourist trade, health, relief, labor relations, colonization and immigration and mining.

It is also possible that representations will be made that the number of legislators and taxing bodies in Canada should be reduced.

# *Provincial Reciprocity On Company Taxes Urged*

From Our Own Correspondent

MONTREAL. — Reciprocal tax legislation to avoid overlapping and remedy unfairness in taxation of companies doing business in more than one province is recommended in a report of the committee of the Montreal Board of Trade on Dominion, provincial and municipal taxation and finances.

The committee deals at length with the Quebec Corporation Tax Act setting out the following recommendations and criticisms:

(1) "The composition of the capital which the Act seeks to tax is defined in the statute, but this definition is unnecessarily confused by the use of the term 'paid-up capital'—a term with an entirely different connotation. It is, therefore, recommended at the outset, that the words 'paid-up' be eliminated.

(2) "The increase in a company's capital through the accretion of the undistributed profits is reflected in an increase in the surplus account. This subjects the company to a corresponding increase in the tax payable. On the other hand, a loss or wastage of capital is reflected in a decrease in the surplus account and, at times, in the wiping out of this account and its replacement by a deficit account. It is recommended that just as the increase in surplus calls for increased taxation, so should the reduction in surplus account or the creation of a deficit account allow for a corresponding reduction in the tax payable.

**Extra-provincial Firms**

(3) "A company whose head office is located outside the Province of Quebec or whose head office is located in the Province of Quebec but over 50% of whose assets are located outside the province, is subject to a more or less arbitrary ruling in the matter of tax on capital. Although the tax is called a tax on capital, the Government will consider the volume of business done in Quebec in determining the amount payable. A company with 10% of its assets located in this province but doing 50% of its business therein will be called upon to pay on at least 50% of its total 'paid-up capital.' On the other hand, a company with 50% of its assets located in Quebec but only doing 10% of its business therein, will also be called upon to pay the same proportionate tax. In other words, where favorable to the province, the tax will be based upon capital investment, but where conditions do not favor the province, the tax will be based on sales.

"Moreover, a Quebec company doing 25% of its business in Quebec and 75% of its business in Ontario will be called upon to pay anywhere from 125% to 175% of the maximum in either province, since Ontario will base its tax on sales. Likewise, an Ontario company with all its assets in Ontario but doing 50% of its business in Quebec will pay 150% of the maximum tax payable under the Ontario Act. The reason is that both provinces are primarily concerned with the maximum revenue they can obtain.

"It is clear, therefore, that corporations engaged in extra-provincial business and subject to taxation by different governments may in some cases be penalized. It is recommended that reciprocal tax legislation be considered with a view to providing a remedy for this situation.

**Position of Agents**

(4) "The definition of 'doing business in Quebec' might be amended and the position of agents clarified. A salesman living in Ontario, and taking orders in Quebec for an Ontario company, is not considered as 'doing business in Quebec,' provided that the company does not exercise any of its corporate rights, powers and objects in Quebec. But should this salesman happen to reside in Quebec, the company would be considered as doing business in this province. The fact that a company has an agent, representative, vendor, salesman on commission or employee residing in the province renders it liable to the tax on capital, based on its sales in this province.

(5) "In general, corporation taxes in Quebec are at times subject to criticism because the amount of taxation for which a taxpayer is liable may be indefinite and uncertain. Frequent decisions are made by orders-in-council and departmental rulings. It is recommended that more uniform and definite principles be embodied in the taxing statutes.

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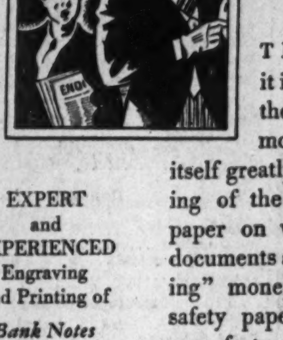

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